



### OVERSEAS MOVING BY MICHAEL GERSON

01-446 1300

### Where to put your money now? — a decision tree

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## WORLD NEWS

### S. African rugby tour goes ahead

The Rugby Union's committee voted 44 in favour of an England team touring South Africa in May.

The decision brought protests from MPs, church leaders, anti-apartheid groups and from other sports that might be affected by Commonwealth Games boycotts.

Sports Minister Neil MacFarlane said there would be no government attempt to try to stop the tour, but he believed it could be damaging to Commonwealth and international sport.

He said, "My advice on behalf of the Government and of British sport remains clear. We support the Commonwealth statement on apartheid in sport."

### \$62m for Salvador

The U.S. Senate provisionally agreed to spend \$62m (£43m) on emergency military aid for El Salvador's Government.

### Hawaii emergency

A state of emergency was declared in the Hawaiian town of Hilo as the flow of lava from Mauna Loa volcano came within five miles of the outskirts. In the U.S., Mount St Helens started erupting again.

### Argentine landslide

At least nine people were killed and 14 injured by a landslide in the oil drilling town of Vespucio, Argentina, when torrential rain caused part of a hillside to collapse.

### Bill to axe GLC

The Government published its Bill proposing to suspend 1985 elections for the Greater London Council and the six metropolitan councils.

### 'Deathshead' protest

Thousands of demonstrators plan to march through the West German village of Oberau today in protest at a reunion by members of the elite Nazi regiment the "Deathshead" SS tank division.

### Israeli Labour leader

Israeli opposition leader Shimon Peres emerged as undisputed leader of the Labour Party after former president Yitzhak Navon said he would not lead it into the July 23 election.

### Joint Korea proposal

North Korea proposed that North and South Korea should send a joint team to the Los Angeles Olympics. South Korea is thinking about it.

### Aintree bonanza

Today's Grand National will attract about £40m in bets according to bookmakers, £10m more than last year's record. Dominic Wigan tips Gritter.

### Shocking example

The Triton Museum in Santa Clara, California, has put on display an exhibit called Electric Chair in which visitors are invited to "execute" a robot by pulling a handle which simulates a shock.

### Briefly...

Queen arrived back from Jordan.  
Prince Charles ended his five-day visit to Botswana.  
Prince Andrew went to St Helena for his first solo royal visit.  
Italian Marxist economist Piero Sraffa left £1.5m to Trinity College, Cambridge.

## MARKETS

### DOLLAR

New York lunchtime DM 2.59425  
FFr 2.19225  
SwFr 2.1515  
Y224.73

### LONDON

DM 2.5952 (2.592)  
FFr 2.19775 (2.19475)  
Y224.4 (224.2)

### U.S. LUNCHTIME RATES

Fed Funds 10 1/4%  
3-month Treasury Bills: 9.71%  
Long Bond: 9 1/2%  
yield: n/a

### GOLD

New York: Comex April latest \$387.2  
London: \$388.25 (\$389.75)  
Chief price changes yesterday. Back Page

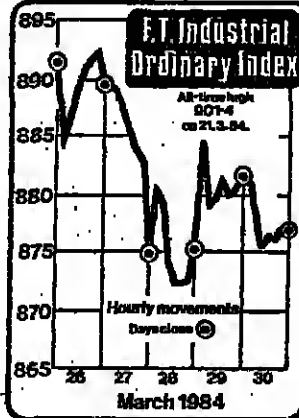
## BUSINESS SUMMARY

### U.S. may offer loan to Argentina

U.S. TREASURY may provide an emergency bridging loan to enable Argentina to pay part of its interest arrears to U.S. banks before the March 31 accounting deadline.

The Treasury was reluctant to give details of the package, but confirmed its involvement in the last-minute bid to bring about an accommodation between the banks and Argentina. Buenos Aires bankers said the loan would amount to less than \$500m (£346.6m). Back Page

EQUITIES failed to maintain Thursday's Wall Street-inspired rally. The FT Industrial Ordinary index re-



covered from the day's worst to close 4.8 down at 877, for a fall of 14.5 on the week. Page 22

HONG KONG share prices continued to decline in the wake of Jardine Matheson's decision to move its legal domicile to Bermuda. The Hang Seng Index fell 22.71 to 1,014.96. Page 20

STERLING fell 50 points to \$1.425. It also eased against European currencies and the yen, and its trade weighted index fell to 80.1 from 80.4. Page 21

FRENCH steelworkers clashed with riot police in the Lorraine region during protests at government plans to restructure the steel industry over the next four years. Page 2

BICC, cables and construction group and Johnson & Firth Brown, the loss-making steels and engineering company, are to merge their copper and aluminium interests into two new joint companies.

BRITISH TELECOM, which the Government hopes to privatise later this year, reported profits for the six months to September 30 £77m down at £462m. Back Page

THYSSEN chief executive, Dieter Spethmann survived a public challenge to his running of the West German steelmaking group when the annual shareholders' meeting approved last year's accounts and thus endorsed his policies.

VOLVO of Sweden is selling 9 per cent of its holding in Sonosono, its engineering pharmaceuticals subsidiary, to Skanska Cementgjuteriet, the construction group, in a deal worth over 5Kr 200m (£17.9m).

CONTINENTAL Illinois sold its credit card business to Chemical Bank of New York for just over \$1bn (£693m). The price includes a premium of \$176m over net assets. Page 19

BROKEN HILL Proprietary, Australian steel oil and gas group, lifted net earnings to A\$44.9m (£288.3m) from A\$158.4m in the nine months to February 29. Page 19

STERLING  
New York lunchtime \$1.4375  
London: \$1.4225 (1.4475)  
DM 3.7375 (3.755)  
SwFr 3.105 (3.125)  
FFr 11.505 (11.56)  
Y224 (224.75)  
Trade weighted 80.1 (80.4)

LONDON MONEY  
3-month interbank  
mid rate 8 1/4% (same)  
3-month eligible bills:  
buying rate 8 1/4% (same)

STOCK INDICES  
FT Ind Ord 877 (-4.8)  
FT A All Share 524.2 (-0.1%)  
FT A long gilt yield index:  
High coupon 10.05 (10.04)  
New York lunchtime:  
DJ Ind Av 1,166.58 (-3.87)  
Tokyo:  
Nikkei Dow 10,929.17 (+127.62)

## Thirty grants axed as Arts Council switches cash to regions

MORE THAN 30 organisations are to lose their Arts Council grants. This will free money towards a £6m re-fund exercise which, in the main, switches cash away from London and towards the regions. The changes result from the most far-reaching review of strategy undertaken by the Arts Council, writes Antony Thorncroft.

The companies which will lose their grants include Opera 80, the Yvonne Arnaud Theatre, Guildford, Surrey; the Churchill Theatre, Bromley, Kent; Wakefield Tricycle, London and the 7:84 (England) theatre company. They will have a year in which to appeal and will receive their subsidy for 1984-85.

About £2m of the money saved will go towards new developments in regional drama, with the Arts Council giving extra money to match funds raised locally. Other sectors to benefit will be dance and art.

The Arts Council is to transfer more than 40 arts organisations from central funding to the care of Regional Arts Associations, which are to receive £2.2m to finance their new responsibilities. The aim is to devolve decision-making in the arts.

Several companies face uncertain futures under the new approach. The Royal Court Theatre will have its grant removed after 1985 if its local authority, the Royal Borough of Kensington and Chelsea, does not make a contribution to its costs. Riverside Studios, Hammersmith, has a year to improve its administration. The Arts Council has also made it clear that it will cease supporting one of the four major London orchestras—the Royal Philharmonic, the London Philharmonic, the London Symphony and the Philharmonia. It is to reduce its grant to the London Orchestral Concert Board by £280,000 or 35 per cent in 1985-86. The aim is to persuade one of the four orchestras to establish

itself as a touring orchestra for the East of England, based Nottingham. The Council is prepared to finance such an orchestra to the tune of £300,000.

There could also be changes in the musical policy of Wigmore Hall, which is run by the Arts Council; it is seeking sponsorship to reduce costs. There are also plans to encourage joint productions and cost sharing between Opera North and Scottish Opera.

All told, the changes represent a shift of 5 per cent of the Arts Council's budget from London to the regions. The review council policy follows an internal assessment which concluded that the council could not expect real increases in grant from Government over the next few years and any funding of enterprises would have to be at the expense of existing clients.

Arts Council shake-up: Alas, poor London, Page 17

## BOTH SIDES OF STEEL INDUSTRY ATTACK MINERS

# Long-term damage to BSC, says chairman

BY IAN RODGER

STRIKING coal miners are causing long-term damage to the steel industry while failing to face up to the need for structural change in their own industry, Mr Robert Haslam, chairman of the British Steel Corporation, said yesterday.

He revealed in a speech in Scunthorpe last night that the corporation was revising its corporate plan.

"Current events will mean that we shall have to lower our sights as to the scale of business we can profitably foresee in the long term," he said.

"Inevitably, the longer this highly damaging dispute goes on, the more those sights will have to be lowered."

Mr Haslam, who succeeded Mr Ian MacGregor as chairman of the corporation in September, was clearly outraged by the miners' strike, which has already forced the corporation to cut production at this Scunthorpe works.

"I find it ironic that irre-

parable damage is likely to be caused to our industry, which could have repercussions far more serious than the scale of the closures the NCB have recently announced for their own industry.

"Not to put too fine a point on it, we are in danger of being damaged by conflict in a sister industry which appears not yet to have faced up to its current structural problems in the way the steel industry has already had to do.

"One wonders whether the miners themselves recognise that they too are in danger of losing permanently even more of their future market if the steel industry is damaged by their actions in this way.

"It seems a scant reward for our responding, particularly at Scunthorpe, to persuasions to put our faith in British pits."

Mr Haslam recalled the great efforts and sacrifices that had been made to bring BSC's operations into line with

reduced demand prospects, a process that was now being followed by steel producers elsewhere in Europe and the U.S.

Markets were recovering slightly but BSC's financial performance was still weak. He said the loss rate had worsened since November when it was about £2.5m per week.

It was now clear that the existing corporate plan would not lead the corporation to break even or to meet the deadline of being free of state aid by the end of next year.

A new strategic plan would be submitted to the Government within the next few weeks.

"We are determined that this will not be yet another in a series of plans, but will take us to the ultimate goal of achieving a fully commercially viable steel business."

That meant that difficult decisions were ahead and, "we cannot avoid or fudge them without putting our hard-won progress at risk."

## Shell cancels £18m pipe order

BY IAN RODGER

SHELL OIL has cancelled an £18m order for steel pipe from the British Steel Corporation, claiming that the quality of the pipe was unacceptable.

The order, for more than 100 miles of pipe for Shell-Esso's Fulmar gas line from the North Sea, will go to a consortium of four Japanese steelmakers.

The loss of the order is a big blow to BSC, which has been attempting to establish itself as a reliable supplier of high-quality steels for the offshore oil industry.

Mr Jim Mackenzie, managing director of BSC plates, said last August when announcing the Shell order: "Our task now is to go on giving an immaculate performance so that we can win more orders on merit and at a profit to keep our facilities in operation."

The order enabled BSC to reopen its Hartlepool pipe mill, which had been closed in January 1983. BSC said yesterday it was premature to speculate on the prospects for the 250 workers at the Hartlepool mill, which still had some work in hand.

BSC said it had "released the pipe according to the release procedures in the specification defined by Shell, and operated on site in Hartlepool by their inspectors. The two companies are now seeking the best solution."

Shell said that, whatever the solution, it would not be using any BSC pipe in the Fulmar line. The decision to cancel the order and place it in Japan was taken "several weeks ago."

The line, which is to run 170 miles from the Fulmar field to St Fergus in Scotland, will move sour gas under higher pressures than those in the Flaga line from the Brent field to St Fergus.

Sour gas contains more corrosive elements, such as sulphur, and so requires a highly corrosion-resistant pipe. Shell said that it had sent a specification which BSC said it could meet.

"Notwithstanding their best endeavours, it has now transpired that the BSC pipe is unacceptable and the situation has been reached where the operator has had to make alternative arrangements."

BSC was to provide 70 per cent of the pipe for the field, the remainder coming from a consortium of Sumitomo, Nippon Steel, Kawasaki Steel and Nippon Kokan. This consortium will now make all the pipe. Shell said the pipeline would still be completed on schedule by the end of next year, but it had had to reschedule the pipe laying slightly.

## Warm welcome for Nissan

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THERE WAS a warm welcome in the North East when Nissan of Japan formally announced yesterday that it has chosen a site in Washington, Tyne and Wear, for the £50m car assembly plant it is to build in Britain.

The selected site of 800 acres, including Sunderland airport, is next to Washington New Town, an area where unemployment is running at over 20 per cent. Nissan will buy a 207-acre site and take an option on the remaining 593 acres.

"This is the greatest shot in the arm Sunderland could have had," Mr Charles Slater, leader of Sunderland Borough Council, said.

"One in every four males in Sunderland is unemployed; the job opportunities created by Nissan are immense."

Mr Roland Boyes, Labour MP for Houghton and Washington, said: "Because of factory and shipyard closures we have tens of thousands of skilled men who will be available to carry out work that Nissan needs. Although this is a small project to start with, finances dictate that Nissan must intend to go ahead with a much bigger project and I am looking forward to 2,500 new jobs in my constituency."

Nissan said it would be some months before the start of recruitment of the 400 to 500 people it needs. It has in the meantime called in Mr Jim Bell, former head of industrial relations at ICI, to advise on union negotiations.

In Tokyo, Mr Takashi Ishihara, president of Nissan, said his company would want its UK workers to show flexibility in moving from job to job, a prin-

ciple now frequently opposed by British trade unions. The director of the British project — and the man most likely to run the UK plant — its first phase at least, Eichi Kozai — suggests Nissan's employment policy would closely resemble that of the Japanese group's Tennessee facility.

In the U.S. the state government chooses workers from training schemes and Nissan makes the final selection.

Mr Kozai said that in initial stages about 70 Japanese skilled workers would be at the UK plant and some British employees would be taken to Japan for training.

There had been early intention from Nissan that it was hoping for a single work arrangement for the plant. This now seems improbable. Ken Cure, West Midlands executive member of the engineering workers union, said yesterday such a deal was unlikely.

Mr Grenville Hawley, national secretary of the transport union's automotive group, said: "Nissan recognises the problems within the UK and it fairly certain there will be accommodation."

Site preparation work should be completed by the end of 1984 — one of the attractions of the Washington site was that it was suitable for rapid development — plant construction will get under way early next year and output cars is due to begin in the middle of 1986.

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Japanese surpluses continue to grow

By Jurek Martin in Tokyo
JAPAN'S current account and trade surpluses continue to grow at record rates in February, according to Ministry of Finance figures released yesterday.

The current account surplus reached an all-time high for a February of \$2.61bn (£1.4bn), well over double the \$996m of the same month a year ago, and exceeding the previous February peak reached in 1978.

The surplus for the first 11 months of the current fiscal year, which ends today, thus stands at \$20.91bn, already nearly \$7bn higher than the previous record for a full fiscal year, set in 1977-78.

Thanks to yet another surge in exports, the trade account was \$2.15bn in the black, another February record. Exports in the month were 18.5 per cent up on the same month last year at \$13.07bn, a sharper growth than that achieved by imports, which went up by 12.5 per cent to \$9.94bn.

The Japanese Government has been hoping that the recovery in the domestic economy would stimulate a more rapid expansion of imports than exports.

It seems very likely now that the current account surplus for the full year will approach \$24bn, and the trade surplus, already \$30.24bn in the first 11 months, about \$34bn.

The Government was hoping that next year's would only be fractionally larger though that hope is now reckoned to be fading fast.

French steelworkers in job protests

BY PAUL BETTS IN PARIS

FRENCH steelworkers yesterday clashed with riot police in the depressed steel and coal region of Lorraine during a series of demonstrations against the Socialist government's controversial four-year plan to restructure the steel industry and lay-off up to 25,000 workers between now and 1987.

The restructuring programme is already causing major rifts within the French left. Three Socialist deputies and one Socialist senator from the Lorraine region said yesterday they would resign from the party's parliamentary group if the Government did not revise its steel programme.

The Communist Party, the junior partner in the left-wing

administration, has also condemned the plan.

However, Communist criticism has been relatively mild, although the party could step up its attack against the plan if workers' protests intensify.

The Lorraine steelworkers and their local unions announced they would organise a march on Paris on April 13 and a general strike in the region next Wednesday.

Yesterday's demonstrations were not limited to Lorraine, which will be hit hardest by the government's plans.

Some violent incidents occurred in Marseilles where steelworkers protested at plans to close the nearby Uglie Fos works.

The steelworkers' protest

exploded following Thursday's Cabinet announcement of the widespread layoffs and the restructuring of the industry.

The speed and violence of the reaction took the government and the big labour confederations by surprise although a wave of discontent had been anticipated.

In Lorraine, a local office of the Socialist Party was ransacked while the town hall of Hagondange was raided and a portrait of President Mitterrand set on fire.

Elsewhere, steelworkers blocked road and rail traffic, paralysed most of the steel plants, set fire to tyres and scattered steel coils, bars and other obstacles along roads.

Shipyard workers in Dunkirk

yesterday clashed with riot police in protests over the uncertain future of the yard.

The next days will represent a major challenge to the Mitterrand Administration and its rigorous economic and industrial restructuring policies.

Strikes and protests intensified yesterday as the Belgian Government met to finalise a tough three-year austerity programme aimed at reducing the country's heavy debts, Reuters reports.

Thousands of striking steelworkers paralysed the southern city of Charleroi and strikers also disrupted the port of Antwerp in protest at a planned 2 per cent cut to real wages in each of the next three years.

U.S. Senate backs \$60m arms aid to El Salvador

By Reginald Dale, U.S. Editor, in Washington

THE Republican-controlled U.S. Senate has provisionally approved a compromise \$60m (\$43m) package of emergency U.S. military aid for the embattled government of El Salvador. But the figure is still subject to amendments that could sharply reduce it and impose strict conditions, in further debate next week.

The Administration, which originally asked for \$93m, agreed to the compromise figure with a number of Senate Democrats in the hope of speeding the request through Congress. Other Senate Democrats, led by Sen Edward Kennedy, are still pressing for the sum to be slashed to \$21m, just enough to last until the end of May, when the final outcome of the El Salvador presidential election should be known.

Democratic leaders in the House of Representatives, where the aid faces much tougher opposition, have said that they are unlikely to consider the request until after President Administration officials have warned that they will use emergency procedures, bypassing Congress, if the delay is too long and/or sufficient funds are not approved.

The Senate on Thursday night rejected by 72 to 23 another amendment by Sen Kennedy that would have barred the use of U.S. civilians or troops for any combat-related purpose in El Salvador or Nicaragua without specific congressional authorisation. Mr Kennedy afterwards compared the vote to the 1964 Gulf of Tonkin resolution, which gave President Lyndon Johnson a free hand in Vietnam.

Our Foreign Staff adds: Acceptance of defeat by the extreme right-wing candidate, Sr Jose Napoleón Duarte, who emerged with the largest share of the vote. Major d'Aubuisson conceded on Thursday that he had come runner up with around 30 per cent of the vote. Sr Duarte is claiming to have around 44 per cent of the vote. However, an official result is still pending.

Once the result is made public, then a run-off will be held within 30 days between Sr Duarte and Major d'Aubuisson since the electoral law stipulates that the winner must obtain a majority.

Weinberger in Athens talks

By Andriana Ierodiakonou in Athens
MR CASPAR WEINBERGER, U.S. Defence Secretary, who began a three-day visit to Athens yesterday, is to seek assurances from the Socialist Government of Dr Andreas Papandreu on the future of the four U.S. military bases on Greek soil.

A defence and economic co-operation agreement, extending the operation of the bases for five years was signed last Saturday between Athens and Washington. Dr Papandreu, who came to power promising to close the bases down, said at the time that they will definitely go when the agreement ends in 1983. But the agreement is in principle renewable after that date and it was not clear to what extent the Prime Minister was taking a hard line to appease left-wing voters.

Hawke attacked for 'betraying party' on defence and uranium

BY COLIN CHAPMAN IN SYDNEY

THE PRESIDENT of the Australian Council of Trade Unions, Mr Cliff Dolan, last night accused the Hawke Government of betraying the party platform of the Labor Party on defence strategy and the development of the uranium industry.

Mr Dolan said the first rumblings of discontent followed the leading of cabinet documents in advance of a crucial conference of the Victorian branch of the Labor Party in Melbourne this weekend.

Official Labor policy is for Australia not to pursue further mining or export of uranium. But the federal cabinet is determined to reverse this restriction and has come up with new proposals to expand the uranium industry, subject to safeguards.

Mr Dolan is a staunch opponent of uranium mining, and said he and the trade union movement would be rejecting the Government's proposals which, while shifting Australia's stance, are unlikely to result in much real change because of the depressed state of the market.

Of more immediate concern is the leaked defence strategy paper, endorsed by the Hawke cabinet, which says that Australia should be in a position to develop nuclear weapons as quickly as any neighbour that looks like doing so.

No particular country is seen as achieving this at present, but the current strategy paper says Australia should be able to "ensure that the lead time could be matched to developments in other countries should the Government so decide."

Throughout the document the ALP platform is largely treated as irrelevant. The paper adopts a strong pro-American stance on almost every aspect



Hawke ... irritated by leak

of defence in contrast with the party's declared policy to pursue an independent line.

The leak has irritated the Hawke Government which has called in the police and the security forces to try and find out how the document reached the National Times newspaper. One senior intelligence officer described its publication as an almost criminally irresponsible act.

The paper says Australia should continue to host U.S. bases and suggests it would be prudent to assume that the four main communications stations would be targets in a nuclear

war. It opposes American pressure on Japan to increase its defence spending, and it also says that Australia should accept that the ANZUS Treaty with New Zealand and America would be of little benefit in a conflict with the only serious threat to Australia's long-term security - neighbouring Indonesia.

EEC ministers in final bid to agree farm deal

BY IVO DAWNEY IN BRUSSELS

EEC FARM ministers yesterday returned to the negotiating table for the fifth time this month in a final attempt to reach a comprehensive agricultural prices and reforms deal before Sunday when the new marketing year officially begins.

Despite a mood of scepticism, some observers still hold that relentless pressure from M Michel Rocard, the French Agriculture Minister and President of the Council, could wear down the reservations of delegations holding out for special treatment.

Mr Rocard is already acknowledged to have had remarkable success in winning broad agree-

ment on a package of over 50 regulations that would radically restructure the Common Agriculture Policy.

Much of this is owed to his insistence that ministers remain in the conference room as he conducts bilateral talks in a corner with dissenting ministers, thereby gaining agreements through a combination of hectoring and exhaustion.

The odds were high last night that Mr Rocard would attempt to secure a final deal by forcing ministers to sit through the night and possibly until late today until the necessary compromises were made.

The main quarry for M Rocard's terrier-like tactics, were the Irish who are insisting on an increase in their milk production while other member states face an average 7.5 per cent reduction. The French have tacitly accepted a special deal for Ireland allowing them an increase of 5 per cent this year on their 5.3m tonnes 1983 production with a review in 1985.

But British, Dutch and West German ministers have up to now vigorously opposed the exemption for the Irish as unfair on their own farmers.

First reports from last night's meeting suggested however that M Rocard's three-day attempt to

win a majority for this proposal has made progress.

After two hours of talks M Rene Souchon, the junior French farm minister left the meeting to say that he was now "more optimistic" that a deal for the Irish could be reached. This led to speculation that the West Germans have now agreed to a compromise, giving a sufficient majority to out-vote British and Dutch dissent.

A deal on this basis is expected to cost the Community around ECU\$8m (£40.5m) this year but this is against ECU 10m a day that failure to reach agreement would drain from Community funds.

Bonn vote opens way for probe

BY RUPERT CORNWELL IN BONN

A POTENTIAL scandal of delicate political implications moved a step closer here yesterday when the Bundestag voted to strip Herr Egon Franke, a former Social Democratic Minister in charge of relations between the two Germanys, of his parliamentary immunity.

The Bundestag's move is in connection with the disappearance of DM 5.6m (£1.5m) put at the disposal of Herr Franke's ministry between 1979 and 1982. The money was earmarked for

buying the freedom of prisoners in East Germany.

The removal of immunity had been requested by the Bonn public prosecutors, who have already indicated a former department head at the ministry, as well as a Berlin lawyer, in connection with the affair.

Herr Franke has always defended himself by insisting he left his aides a free hand. Even so, further probing could lay bare unwanted detail of the trade in refugees, whose right to travel to the West from

East Germany was bought, amid secrecy, by Bonn.

There could be a hardly less appropriate time for such revelations than the current period of euphoria in East-West German relations.

The relaxation of emigration curbs by the East German regime means that on present trends some 30,000 people could be allowed to cross over to the West this year - a figure dwarfing the number of those whose freedom is clandestinely purchased.

South Africa to aid farmers hit by drought

By Michael Holman in Johannesburg

MEASURES TO aid South African farmers hit by the worst drought this century have been announced by Mr Greyling Wentzel, Minister of Agriculture.

The package, worth several hundred million rands, includes substantial state subsidies of agricultural interest rates.

According to estimates from the South African Agricultural Union, farmers' carry-over debts with agricultural co-operatives currently total over R300m (\$44.6m), and is expected to reach R1.4bn by the end of the 1983-84 season. Among the measures announced by the minister is a reduction of the interest rate on carry-over debts to co-operatives from 13.5 per cent to 8 per cent.

Mr Ewen Ferguson, the British ambassador to South Africa last night reaffirmed Britain's support for the United Nations settlement plan for Namibia set out in Security Council Resolution 435. Britain, he said, opposed the linkage of a Namibian settlement with the withdrawal of Cuban troops from Angola. "The independence of Namibia is something to which the people of Namibia are entitled," he said.

Iran fortifies bridgehead in Iraq's key marshland

IRAN'S armed forces, which captured these desolate marshlands in a surprise Gulf war offensive last month, are turning them into a heavily fortified forward post posing a serious threat to Iraqi military and civilian supply lines.

Using a simple but effective floating bridge and a motley flotilla of boats from hovercraft and huge flat-top barges to canoes, rafts and speedboats, the Iranians have landed scores of tanks, heavy artillery, anti-aircraft guns and thousands of men on two high points, at positions up to nine miles inside Iraq.

At the westernmost point, the Iranians have Soviet-type T-55 tanks and heavy guns trained on Iraq's main north-south highway, near the town of al-Qurnah where the Euphrates and Tigris rivers converge to flow towards the Gulf.

Clambering up a precarious 100-foot watchtower, the Iranians can see beyond Iraqi front lines about 3,000 yards away, to see traffic on the Basra-Amarah highway six miles away. Cutting the highway would seriously disrupt supplies to the port of Basra, already cut off from the Gulf by the war, though the city could still be reached by other routes. Iran's deputy ground forces commander, Col Abdollah Djemali, told foreign correspondents at his headquarters in Amwaz, southern Iran, this week

Drive to give life to town of failed hopes

BY ALAN FRIEDMAN IN TURIN

"I KNEW Piromalli. He was a citizen of this city, a citizen just like any other." The Mayor of the crime-infested Calabrian town of Gioia Tauro was discussing "Don Peppino" Piromalli, the 63-year-old reputed leader of the Calabria's version of the Mafia, who has recently been arrested and charged with ordering 24 murders. The Mayor is loath to comment on the man known in underworld circles as "the boss of bosses."

Neither was the mayor's staff in this ramshackle town of 18,000 prepared to say a negative word about Sig Piromalli. One aide said: "He was a good friend to everybody. When he was arrested 500 relatives and friends marched through the streets for him."

Businessmen and shopkeepers in Calabria who pay "protection" money appear to be less sanguine however about the man who is said to have headed an organisation specialising in contract killings, kidnappings, extortion and drug peddling.

The existence of such an organisation in the town of Gioia Tauro, is hardly surprising. The rail approach to Gioia affords a breathtaking view: stark cliffs, terraced vineyards and olive trees stand out against the intense blue of the Tyrrhenian Sea. But Gioia is in the heart of one of Italy's poorest regions. Disastrous economic planning and poverty have taken their toll: the narrow streets are lined with open sewers, pavements are broken, construction projects unfinished, houses derelict.

Some planners in Rome had hoped to make the town into the Mediterranean's largest port, but it now looks like a place which is "waiting for something to happen, or perhaps a town whose time might have come, but didn't quite."

In fact, Gioia Tauro has been waiting for more than a decade. Damaged by bombs in the Second World War. It was designated in 1971 as a major development area, the site of a grand new port project funded by the Casse del Mezzogiorno, the development agency for poverty-stricken town where

Mexico austerity plan has averted chaos, says bank

BY DAVID GARDNER IN MEXICO CITY

MEXICO'S AUSTERITY programme, inspired by the International Monetary Fund, has snatched the country out of economic chaos - hyperinflation, insolvency and industrial collapse - and has set it on a course for stable medium to long-term growth.

This is the message of the Bank of Mexico's annual report for 1983, which argues that the cost of adjustment without the Government's deflationary policies would have been much higher.

The bank report sets last year's current account surplus higher than previous estimates at \$6.5bn (£3.0bn) - a dramatic turnaround from a revised 1982 deficit of \$4.9bn.

It also adjusts the fall in GDP downwards to 4.7 per cent, another record. Previous estimates for the drop in national output in 1983 were about 3.5 per cent.

The turnaround on current account is all the greater because the 1982 deficit has been revised upwards from \$2.7bn.

This reflects new accounting methods for non-monetary gold and silver transactions, but is mostly attributable to a rise of \$1.5bn in the errors and omissions entry to \$3.4bn, indicating that capital flight in 1982 was greater than previously thought. Errors and omissions last year totalled \$1.4bn.

The current account surplus comes on top of a \$13.7bn trade surplus, achieved, largely through a 47 per cent drop in imports in dollar terms.

IMF 'must take stronger role on exchange rates'

BY ALAN FRIEDMAN IN TURIN

THE INTERNATIONAL Monetary Fund (IMF) must play a more active role in helping to stabilise international exchange rates and nurture more consistent fiscal and monetary policies in major countries.

This was the call issued yesterday by Sig Lamberto Dini, director-general of the Bank of Italy.

Speaking at a Turin conference on the international monetary system, Sig Dini said he planned to tell deputies of the IMF's Group of Ten, which he heads, that the IMF must play a greater role in carrying out surveillance functions "provided for under its articles of agreement."

In particular, Sig Dini plans to call on the Group of Ten deputies, who meet in Washington on April 13, to ensure that member-nations "collaborate with the Fund and other members to assure orderly exchange arrangements and to promote a stable system of exchange rates."

Floating exchange rates had served the needs of the world economy fairly well on the whole, Sig Dini went on. But he was convinced that exchange rates were too important a variable in the macro-economic performance of individual countries and in the world economy to be left to themselves.

Borough of South Tyneside welcomes NISSAN to Tyne and Wear

Residential and industrial land available 3 miles from the new development. Enquiries to Chief Executive, Town Hall, South Shields, Tyne & Wear

BASE LENDING RATES table with columns for bank names and interest rates.

Navon not to challenge Peres

By Our Tel Aviv Correspondent

THE FORMER Israeli President Mr Yitzhak Navon - widely regarded as the most popular public figure in Israel - has decided against contesting the leadership of the opposition Labour Party before next July's General Election.

His decision, announced yesterday, means Labour goes into the campaign more united than at any stage for years, but robs the party of the leader many see as its best vote-winner.

Mr Navon, 63, said, however, that he would be standing for the Knesset (parliament) and pledged to play a role in the election campaign. Within minutes of his announcement, Mr Yitzhak Rabin the former Prime Minister confirmed that he, too, would not contest the Labour leadership.

While Labour goes into the campaign headed by a seasoned triumvirate of Mr Rabin, Mr Navon and Mr Shimon Peres, the party leader, the ruling right-wing Likud bloc may face a leadership contest.

Drive to give life to town of failed hopes

BY ALAN FRIEDMAN IN TURIN

"I KNEW Piromalli. He was a citizen of this city, a citizen just like any other." The Mayor of the crime-infested Calabrian town of Gioia Tauro was discussing "Don Peppino" Piromalli, the 63-year-old reputed leader of the Calabria's version of the Mafia, who has recently been arrested and charged with ordering 24 murders. The Mayor is loath to comment on the man known in underworld circles as "the boss of bosses."

Neither was the mayor's staff in this ramshackle town of 18,000 prepared to say a negative word about Sig Piromalli. One aide said: "He was a good friend to everybody. When he was arrested 500 relatives and friends marched through the streets for him."

Businessmen and shopkeepers in Calabria who pay "protection" money appear to be less sanguine however about the man who is said to have headed an organisation specialising in contract killings, kidnappings, extortion and drug peddling.



More than 1,000 (€125m), three times the originally forecast sum, have been spent and the port is still unfinished, some of the money having gone into the pockets of the Calabrian Mafia.

unemployment stands at nearly 17 per cent.

The original plan for Gioia, conceived in the early 1970s, involved building Italy's fifth central steel plant there. But this was abandoned a few years ago because of Europe's steel overcapacity problem. Then came the idea of the power station and a £3,500bn coal shipment project. Under this plan, the station and coal depot would be grafted on to the port.

A fair amount of political support for the scheme exists in Rome, and it seems that this solution for Gioia will go ahead. But it has been criticised in Calabria by regional politicians who say it will "damage the environment, and not provide many jobs."

Along Gioia's main coast, where once there were lush orange groves and olive trees, some 1,200 hectares have been cleared away for the port project. "They have taken away our beautiful greenery and agricultural and replaced it with a desert," remarks one Gioia local. The people are willing to





Bill to pave way for abolition of GLC published

By Robin Pauley

THE BILL PROPOSING to cancel the 1985 elections for the Greater London Council and the six metropolitan county councils was published yesterday.

The Government wants to abolish the councils by April 1988. The Local Government (Interim Provisions) Bill, or 'paving Bill', could present it with the most difficulties of all the proposed local government legislation.

Suspended underwriter to resign from Lloyd's

By John Moore, City Correspondent

A LLOYD'S underwriter at the centre of an inquiry and disciplinary proceedings over his relationship with the Fidentia Marine Insurance Company of Bermuda has notified Lloyd's that he is resigning his membership of the market from the end of this year.

Reuters' staff shares plan

By Charles Batchelor

REUTERS, the international news agency and business information group, plans to introduce a share option scheme for members of its staff which would allow them to benefit from the proposed public flotation in May.

The company has a share incentive scheme restricted to a fairly small number of senior executives, but this has been criticised for excluding most of Reuters' 3,500 employees.

Reuters confirmed yesterday it expects to make an announcement next month about the scheme. Details are still being

SE council to study revised plan on reforms

By John Moore, City Correspondent

THE 51 members of the Stock Exchange ruling council are to study this weekend a revised discussion document on the future of London's securities market and the radical reforms needed for the operation of the stock market.

The revised document follows extensive argument and debate among council members at two lengthy council meetings over the past two weeks.

Those meetings considered the Stock Exchange's interpretation of the required operational changes and its constitution in the wake of a structural upheaval.

The revised document, which the council will discuss again next Tuesday, argues that:

- Corporate membership of the market will be necessary;
Limited liability may be necessary;
Corporate members may have to charge a fee or be allowed to buy seats on the exchange;
There may be a tiered membership structure;
The examination system, which could need revision, is likely to be retained for the admission of members on an individual basis;
A rule limiting outside ownership of Stock Exchange firms is not likely to disappear before the end of 1985;
The fund and the National Coal Board staff pension scheme were together the second largest source of development capital in Britain;
Major shopping centres in North Shields, Durham, Chester and Cardiff had been developed and financed, and the fund had developed 'nursery units' for new companies.

Mr Arthur Scargill's criticism that the £3bn miners' pension fund had been backward in investing in British industry was grossly unfair, Mr Hugh Jenkins, the fund's investment director told the High Court yesterday.

Mr Jenkins said that, as a matter of policy, the fund actively sought investment in industrial and development projects, particularly in existing and former mining areas.

The fund and the National Coal Board staff pension scheme were together the second largest source of development capital in Britain, Mr Jenkins stated in evidence read to the court.

Major shopping centres in North Shields, Durham, Chester and Cardiff had been developed and financed, and the fund had developed 'nursery units' for new companies.

There is acceptance that the functions of stockbroking and stockjobbing or market making may not be able to be kept apart in future as more competitive conditions develop when minimum commission scales on transactions are abandoned at the end of 1985 or early 1986.

Cumulative tax losses 'at £25bn'

By Peter Riddell, Political Editor

COMPANIES have cumulative tax losses of about £25bn carried forward against corporation tax liabilities, Mr John Moore, Financial Secretary to the Treasury, said yesterday.

He gave the 'updated and revised' estimate in a parliamentary written answer.

The figure, which excluded the public sector, remained tentative, Mr Moore said.

These cumulative losses have assumed new importance in view of Finance Bill proposals to reduce capital allowances available to companies over the next few years.

Mr Moore said the Budget measures should 'contribute significantly towards reducing the overhang of losses - the precise extent of this reduction will depend on a number of factors, including the levels of profits and investment over the next four years.'

THE annual subscription to the Bank of England Quarterly Review is £27 for the UK and £33 for Europe and surplus mail, not £22 and £25 as stated in yesterday's FT. These were the 1983 rates.

Kenneth Gooding talks to the founder of a profitable importer of Japanese cars The man who tempted Nissan to Britain

MR OCTAV BOTNAR, chairman and founder of the company which imports Nissan cars to Britain, is confident the Japanese group ultimately will build a plant capable of producing 200,000 cars a year in the UK.

He believes Nissan will overcome quickly any problems with component supply or labour relations and speed up its programme.

If Nissan increased output to an annual 200,000 cars on two shifts Mr Botnar assumes it would want to control its sales organisation in Britain. He would be willing to hand over to Nissan UK, the former Datsun UK company he has owned since 1970.

'I would not let my personal feelings get in the way because I am sure that the transfer of the business to Nissan would be best for the employees and dealers.'

It would be a wrench for him to give up Nissan UK even though he is in his 70s. A short, stocky man, Mr Botnar leads an energetic life, including among his interests ownership of the company which imports Nissan cars to Switzerland.

Nissan UK sold only 1,500 cars in 1970 when he acquired the import franchise. By 1974 Datsuns, as they were known then, became Britain's leading imported cars. In 1976, however, the company's market share in effect was frozen at 6 per cent by the 'temporary' agreement between the Japanese and British car industries which restricted shipments.

In spite of the restraints Nissan-Datsun has remained among the leading car importers for the past 10 years.

Sales of Nissan cars reached 104,684 last year and last week Mr Botnar and his 425 dealers



Lord Marsh (left), adviser to Nissan's UK project office, with Mr Octav Botnar, Nissan UK's founder and chairman.

celebrated a milestone when total sales topped 1m, a record unmatched by any other importer.

Mr Botnar encouraged Nissan to look at building cars in Britain because he was convinced there would be little growth otherwise for his company.

Low-cost cars from Spain, he says, are taking over the role once held by Japanese vehicles in Britain, particularly since the yen's appreciation by 25 per cent in the past six months.

Market conditions in the UK, Europe's battlefield for the U.S. multinationals Ford and General Motors (the Vauxhall-Opel group), had become severely competitive in the past two years.

'We need more volume to be able to compete effectively in these conditions because we can no longer match the low prices - or want the losses - some of the major manufacturers are willing to accept.'

In the past Nissan UK has been one of the most profitable companies in the business. The latest available accounts show pre-tax profit of £50.5m on turnover of £308m for the year to July 1983 compared with £55.5m

and sales of £302.6m in the previous 12 months.

It was not only the volume sales Mr Botnar's company built up which tempted Nissan to set up a plant in Britain because he proved it could be a profitable business.

Mr Botnar is sure Nissan will move on from producing 24 cars a year in Britain from shipped from Japan to make an annual 100,000. His organisation would not be able to export an extra 100,000 cars all of same model family in the UK.

However, if asked by Japanese group it would as Nissan to export to other countries - such as France, Italy - where restrictions on down sales of cars from Japan are less severe.

Nissan's factory will assemble first a medium-sized car, successor to the Stanza, which competes with the Ford Escort.

Mr Botnar says his organisation will begin to prepare the time when British production begins in 1988 by importing more Stanzas next year. 1983 more than 15,000 Stanzas were registered in Britain. Nissan's best-sellers were Sunny (£8,731) and the Civic (£9,229).

Miners' pension fund 'invested in industry'

By Raymond Hughes, Law Courts Correspondent

MR ARTHUR SCARGILL'S criticism that the £3bn miners' pension fund had been backward in investing in British industry was grossly unfair, Mr Hugh Jenkins, the fund's investment director told the High Court yesterday.

Mr Jenkins said that, as a matter of policy, the fund actively sought investment in industrial and development projects, particularly in existing and former mining areas.

The fund and the National Coal Board staff pension scheme were together the second largest source of development capital in Britain, Mr Jenkins stated in evidence read to the court.

Major shopping centres in North Shields, Durham, Chester and Cardiff had been developed and financed, and the fund had developed 'nursery units' for new companies.

There is acceptance that the functions of stockbroking and stockjobbing or market making may not be able to be kept apart in future as more competitive conditions develop when minimum commission scales on transactions are abandoned at the end of 1985 or early 1986.

The discussion document has been prepared as a result of the Stock Exchange's agreement with the Government last summer. The exchange agreed to abandon its minimum scales of commission by the end of 1986.

Exchange firms are seeking links with outside partners to ensure that they have enough capital in a more competitive environment.

Separate finance limit set for BS warship yards

By Andrew Fisher, Shipping Correspondent

THE GOVERNMENT has for the first time set a separate external financing limit for the warship yards of British Shipbuilders before their planned return to the private sector.

The limit for the group as a whole in the 1984-85 financial year will be £217m, of which £80m will be for the warship yards, Mr Norman Lamont, Industry Minister, said yesterday.

This compares with an initial £185m set for the financial year just ending, a figure raised last week to £268m to take account of the cost to taxpayers of the sale of the Scott Lithgow yard and an extra £22m for the merchant activities, hit by a scarcity of orders.

BS recently reorganised into two main divisions, warship-building and the merchant and composite yards. Under the composite heading come Swan Hunter on Tyne and Cammell Laird on Merseyside, which build commercial as well as naval vessels.

The main yards earmarked for eventual return to the private sector are Vesper Thornycroft in Southampton, Yarrow on the Clyde, and Vickers in Barrow-in-Furness. Their previous owners continue to press for improved compensation terms on the sums they received on nationalisation in 1977.

The method of privatisation has yet to be decided, but sales of the yards to companies rather than by flotation on the stock market are viewed most favourably by the Government.

Some of the previous owners contacted by the Government have said they would be interested in buying the yards back at the right price. They have tried to link this possibility with that of obtaining higher compensation terms, an approach rejected by the Government.

The UK shipping industry will be put at a competitive disadvantage by this year's Budget changes, Mr Richard Tooke, president of the General Council of British Shipping, has warned.

The loss of tax-free depreciation allowances on new ships will be a severe blow to British shipping, and new investment would be badly hit, he said in Liverpool.

BA appoints adviser for pension scheme members

By Eric Short

HOGG ROBINSON (Benefit Consultants), the employee benefit and communication advisory company in the Hogg Robinson Group, has been appointed by British Airways as independent adviser to the employee members of the Airways Pension Scheme.

BA announced at the end of January, as part of the move towards privatisation, that it was closing its old pension scheme and launching a new one from July 1 this year. The new scheme has lower benefits than the old one - pensions are only inflation-proofed up to 5 per cent and will include the basic state pension instead of being in addition to it.

Existing employees are being offered the option of staying in the old scheme or joining the new one. If they choose to join the new one they will receive tax-free cash sums compensation for the lower benefits - the amounts depending on the individual circumstances of each case - with an average payment of about £8,000.

Hogg Robinson will explain this change to employees, through video films and open meetings, together with private consultancy sessions to advise the 32,000 individual employees who are members of the present scheme.

Lynton McLain writes: British Airways has paid the Government a total of £16.5m to end the Government's financial involvement in BA's operations of Concorde.

The payment involves three aspects of Concorde operations. A total of £9.3m of the payment is for British Airways to acquire the legal title of ownership to all the Government's stocks of spare parts for Concorde. Most of these are made by British Aerospace and Rolls-Royce.

The balance of £7.2m is partly a contribution by British Airways to the Government's financial support for Concorde in the 1983-84 financial year.

This payment also includes an undisclosed amount to release the airline from the requirement to pay the Government 80 per cent of the airline's Concorde operating surpluses, Mr Norman Lamont, minister of state for industry, said in a written parliamentary answer, yesterday.

Kinnock keeps distance from Liverpool councillors

By Peter Riddell, Political Editor

MR NEIL KINNOCK, the Labour leader yesterday continued to distance himself from the Labour group on Liverpool city council, following the failure of the council on Thursday evening to agree a budget for the coming financial year.

During a visit yesterday to the North-west, Mr Kinnock said the Liverpool councillors should not put themselves in a position where they could not protect as far as possible the interests of the city's people.

'If they pursue the policies they want to, they may remove themselves from the position of protecting jobs and services in Liverpool. I know that is not what they want, but that is the sad inevitability of the law.'

Mr Kinnock said the Labour group in Liverpool was not following the general lines recommended by the party's annual conference.

He said he recognised the city's problems, but sadly if the councillors followed a particular course of action, they would be deprived of office. The Government would appoint its commissioners, and would reduce services on a bigger scale than would ever have been done by the council.

The Labour leader said the Liverpool Labour group was aware of his views, but he did not see any point in making repeated personal pleas. He said he was just recognising the facts as they were. There was nothing much to be done between now and the next Labour Government which would change the facts of life.

Mr Kinnock's line has the support of most of the shadow Cabinet. Two or three of the more left-wing members believe he should openly support the Liverpool councillors, as has been urged from the back benches by Mr Tony Benn.

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GEC-Hitachi divorce marks end of Anglo-Japanese TV co-operation Jason Crisp on how the Japanese bought out their partner after five troubled years

GENERAL ELECTRIC Company and Hitachi ended their troubled five-year marriage yesterday to the relief of all involved.

The sale of GEC's shares in the venture to Hitachi marks the ending of Anglo-Japanese co-operation in television. Rank-Toshiba split in 1981.

The GEC-Hitachi joint venture was set up in 1979 to make colour televisions at an existing GEC plant at Hirwain in South Wales. The long expected divorce, agreed on Thursday evening, was welcomed by the unions at the plant who appear happy to be in Japanese hands.

There is an irony in this, heightened by the announcement yesterday that Nissan, the Japanese car manufacturer, will establish a UK assembly plant

in Washington New Town, near Sunderland. In 1977 Hitachi had proposed building a colour television plant in Washington. It withdrew in the face of vociferous and effective joint opposition from the UK colour TV industry and the trade unions.

The link between GEC and Hitachi was formed when the British company's TV plant was facing difficulties shared by other UK consumer electronics groups. The design of the sets, production methods and reliability all compared unfavourably with the Japanese, who were taking a growing share of the market.

The deal gave Hitachi a less controversial entry into UK manufacturing. By then, Japanese TV manufacture in the UK was becoming fairly common. Sony started in Bridgend in 1974, followed by Matsushita (Panasonic) in Cardiff in 1976.

Toshiba had entered a similar joint venture with Rank Organisation at the old Bash factory in Plymouth, and Mitsubishi had taken over the Tandberg factory in Haddington, Scotland. GEC and Hitachi held 50 per cent each in the joint venture and invested £2.75m in re-equipping and modernising the plant largely retained with GEC and Hitachi provided the technology and design for the sets.

The joint venture was only responsible for manufacture and the two companies had separate sales, marketing and service organisations. One interesting result was that Hitachi's sales consistently outperformed GEC's even though the products were identical bar the label.

Hitachi took on average between 60 and 70 per cent of the joint venture's production and it thought to have reached 80 per cent at one stage. Not only did Hitachi have double GEC's sales it also commanded a remarkable premium, ranging from £40 to £80 for identical products.

The separation of the sales, marketing and service organisations was one of many areas of difference between the two companies. It was a difference that was a result of opposite policies. Hitachi as a company keeps the sales side independent of manufacturing whereas GEC puts them into one integrated operation and profit centre.

Another conflict arose over differences in British and Japanese attitudes to finance. GEC objected to Hitachi's desire to finance much of the joint venture's operation and further investment through debt. The high interest payments added to the joint venture's losses and score.

After over 30 years as manager of the ROYAL COPIER HAGEN PORCELAIN & GELDENBERG SILVER in the Mr Harry Adler Jensen is retiring. He will be succeeded by Mr John Lieberg, former boss of the Royal Copenhagen/Gel Jensen shops in the U.S.

Adler Jensen is a prominent member of the Danish Club Knightsbridge and of the A. Club.

Mr Raymond L. Ward has been appointed managing director, NORCROS INVESTMENT property arm of Norcross, which he joined as property manager, year ago from Trafalgar House.

Mr A. I. Bremner has been appointed director, RICHARDS L O N G S F (INSURANCE) from April and Mr E. W. Corderoy to

APPOINTMENTS

Aston Martin senior post

Mr Robert Murray has been appointed director and executive director of ASTON MARTIN. He is a senior executive of the general industrial division and managing director of Coventry Hood Seating Company, a wholly-owned subsidiary of CH Industries.

Mr C. G. Morley has resigned as chairman of GEOFFREY MORLEY & PARTNERS, remains on the board. Mr Pilkington has been appointed chairman.

Mr C. E. P. O'Connor has been appointed to the board of BERG & SONS as food director.

Mr Andrew Bell has joined SVENSKA FINANS (UK) general manager. He was leasing manager for Continental Illinois National Bank and Co. of Chicago.

Mr F. W. Stehrenehner has been appointed finance director and company secretary of NIE INTERNATIONAL from April. In place of Mr F. R. Ekberg, who will remain on the board, Mr Stehrenehner will be particularly with regard to pensions, finance and property. Mr Stehrenehner was group financial controller as well as company secretary of the main subsidiaries.

The ALBERT FISHER GROUP has appointed Mr S. P. Barke, finance director and Mr N. I. Freeman as an additional executive director.

Mr John Curtis has resigned from the board of FEDEX AGRICULTURAL INDUSTRIES. Mr Norman Jackson, who is chairman of the company's FedEx Partnership subsidiary, has been appointed a major director from April 5.

COUNTY BANK has made the following appointments: senior assistant director, E. Ness; assistant director, Mr. Steve Grandy; Mr. Simon Miller, Corp. advisory division; Mr. P. Blader and Mr. Nicholas W. Finance division; Mr. G. Frier and Mr. Stephen W. International division; Michael Wickham.

Mr Ken Kirkby of Tilcom has been re-elected chairman of AGGREGATE CONCRETE BLOCK ASSOCIATION.

Mr Thomas Griffin has been appointed vice chairman, G.T. MANAGEMENT and Alex Dundas has been appointed a director.

Mr J. T. Duxbury, at present deputy chairman, has been appointed chairman-elect, will become chairman of M. NET & SOUTHERNS following the retirement of Mr S. Ouz, in March 1985. Under a standing arrangement Mr C. Hingworth has retired from board.

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# Mining shutdown no longer likely

R JACK TAYLOR, president of the Yorkshire area of the National Union of Mineworkers, is the man at the centre of yesterday's picketing throughout the central areas, admitted at a complete shutdown of coalfields was no longer likely.

The shift by pickets from the Nottinghamshire pits to the Yorkshire power stations had been forced by what he called "brutal and effective" sealing by police of the Yorkshire / Nottinghamshire border.

He accepted that there was only to be a majority on the miners' executive for a national ballot when it meets in April 12 but said that those who have been asked to attend for a ballot "still only present a minority of miners."

Discussions would be taking place among area leaders to try to stop the threatened return to work by Lancashire miners. The Lancashire executive has said it will recommend a return to work if a ballot is called by then.

The 54-year-old president of the biggest NUM area gave no indication that the union is rethinking its tactics on the coal strike but showed little optimism about its outcome.

He conceded: "The establishment learnt from the 1973 and 1974 strikes. It's a criticism that you could hold against the union that perhaps we didn't learn enough."

Mr Taylor, who took over as Yorkshire president from Mr Arthur Scargill two years ago, did the biggest obstacles to unity were still coming from within the NUM. "I would ever have believed we would be in the position we are today. I think we all assumed that miners would not cross picket lines."

The failure of the Nottinghamshire "domino" to fall was due to lack of political awareness and the miners' inattentive bonus scheme (introduced in the mid-1970s) from which Nottinghamshire had one particularly well.

"There is a lack of political awareness in some areas. Perhaps the union has not explained its case long enough. Over the last two years the union has been campaigning and you don't get the next."

The incentive scheme has also torn the union apart. The people that are now calling for a ballot were the same people that ignored the majority vote against the scheme and accepted it at area level."

He had been surprised by the strength of the police operation. "The authorities planned to nip the picketing in the bud. And

## David Goodhart meets Jack Taylor (below), president of the NUM's biggest area—Yorkshire



when the police violence escalated in Nottinghamshire they moved them back to the border because it was starting to alienate the Nottinghamshire miners. The reason why the picketing is now cooling off is the brutality of the police—you just can't get people over to picket in Nottingham."

"You've also got to remember that not every miner is a lawyer. It's difficult for them to argue about the laws with the police. You're setting a different legal set-up in different areas. Some places you can't picket, some places you can't."

He accepted that the strike was costly both for individuals and the area but insisted that it would not fail because of lack of money. "The support of the transport workers is a boost for morale. It will eventually bring industry to a grinding halt."

Eventually could be a long time. Mr Taylor accepted that "they will probably find devious ways to get essential deliveries of hydrogen and oxygen into the power stations."

Like the Yorkshire pickets outside Drax and Eggborough power stations Mr Taylor accepted that the Central Electricity Generating Board has got considerable energy reserves, although he took issue with their stockpile figures.

The pickets have had some success in turning back lorry deliveries of coal and components for power stations. The latter move could hit essential maintenance.

# Awaiting a transatlantic call

The market has been looking a bit frayed at the edges. Monday started off well enough, but prices have come a long way since the budget and it did not take much to shake confidence. Unwittingly Mr John Harvey-Jones, ICI's chairman, provided just the ammunition to put the market into reverse on Tuesday.

At a meeting arranged by stockbrokers de Zoete and Bevan on Tuesday, Mr Harvey-Jones said he thought that the "point of infection" in the U.S. economy might be reached in the middle of this year. That was enough for some investors to think he was forecasting a second-half downturn for ICI, which triggered off the bears. His remarks were taken out of context but nevertheless on Tuesday the FT 30-Share Index fell by 14.6 points. There was also the added thought that the £68m rights issue on Monday from Exco and £41m call from Bowater on Tuesday might just be barding the beginning of a round of equity refinancing by the corporate sector.

Thankfully a strong mid-week revival on Wall Street lifted the Dow 20 points and gave fresh heart to UK investors. That may have halted the decline but Thursday's recovery was still in limbo, and while British prices have stabilised it really needs a strong message from Wall Street to get the market going again.

## Splitting paper

Bowater made a surprisingly bold move this week. The group is planning to split itself in two by demerging its major paper-making interests in North America into a separate company listed in both the UK and the U.S. The stunning announcement was accompanied by the full year figures for 1983 showing profits £4.2m down to £68.3m pre-tax, despite a good second half recovery and a one-for-eight rights issue raising £41m.

Not surprisingly the initial reaction in the market was one of confusion as dealers got to grips with the full implications of the move put together by Kleinwort Benson and brokers Hoare Govett. By the end of the day the price was rising, though the applause for the complicated restructuring was probably tinged with speculation that by splitting itself in two, Bowater had left itself more vulnerable to bid.

The North American operations of Bowater have always been run autonomously and the logic for setting up a separate company to embrace all the operations across the Atlantic is unquestionable. U.S. investors will be brought into the new

## LONDON ONLOOKER

Bowater Inc with a share offering of \$140m (£97m). Part of the proceeds will be used to buy Bowater Canada and trade marks from Bowater UK. Existing shareholders in Bowater Inc will then be given Bowater Inc stock in proportion to their current holdings.

U.S. investors understand the forest products sector and while they may not fall over themselves to pick up Bowater Inc stock in the way the management hopes they will, Wall Street shows a readiness to back this heavyweight industry with capital. It may be that at the end of the day holders in Bowater will have share certificates worth a bit more than they were.

## BAT before Eagle

BAT has wheeled out an impressive set of full-year figures leaving few in any doubt as to the group's inherent strengths. At the pre-tax line profits climbed by £123m to £879m with all the growth coming from the non-tobacco interests. Its new subsidiary Eagle Star—acquired just after the year end for a record breaking £968m and excluded from BAT's results—bowed up to its pre-acquisition promises.

Eagle's profit line rose from £65m to £90.3m pre-tax. Tobacco profits fell back from £572m to £542m under the combined pressures of a German price war and poor Brazilian figures made even worse by a hefty cruzeiro devaluation. The U.S. business saw modest gains, despite a decline in volume and market share. Though overall group tobacco profits are lower for the year there was an improvement of 10 per cent in the closing six months offsetting much of the interim decline.

It was retailing which really powered BAT to within shooting distance of £1bn profit. There was a sharp improvement in both the UK and the U.S. Profits from the American chains registered gains of up to 80 per cent and BAT is now up in the top 20 of U.S. retailers. In total, retail trading profits, both here and in the U.S., rose by close to two-thirds to £165m.

This year Eagle Star will be in for 1½ months. The insurance group may have had pushed to continue the improving

underwriting trend which was such an important feature of 1983 but even so its new parent could expect something a little better than £90m for 1984. Certainly the consolidation of Eagle is unlikely to involve any significant earnings dilution after financing costs. The currency factor always plays a heavy hand at BAT but it looks capable of returning profits of say, £1.1bn in 1984, putting the market capitalisation at little more than five times likely earnings.

## Department for Harris

Harris Queensway may have lost its battle for control of shoe retailer Stylo, but Phil Harris is not one for sitting still for very long. Along with the full-year figures for 1983 this week, showing profits growth of 57 per cent to £25.6m pre-tax, the group announced that it was close to striking a deal with Debenhams. This will give Harris a major investment in future sales of carpets, furniture, electrical appliances and photographic goods throughout all Debenhams' 68 stores.

Two new jointly owned companies are being formed which will take over the running of Debenhams' furnishings and electrical departments. Together they have sales of around £170m a year. No financial details have been revealed as yet but negotiations have evidently gone as smoothly as clockwork and agreement just awaits the lawyers' final "crossing."

For Debenhams the attraction of letting Harris into the stores is that the specialist retailer's marketing ability coupled with buying power should enable Debenhams to retain an investment in a much more profitable department. More sales and more profit, from Harris's point of view but its willingness to get involved goes deeper than that. Although the group is still labelled a carpets and furniture retailer, its directors think in terms of multiple retailing in the widest sense. The variety discount chain, Poundstretcher, is a case in point, as is the small household textiles business and the attempt to get into shoe shops. Only in DIY has Harris tripped up but there are only two shops left trading at break even.

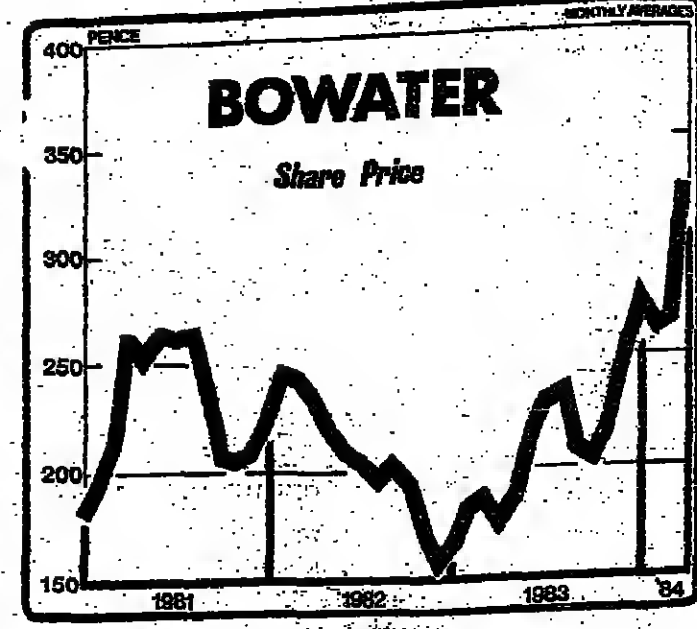
So the chance to tap Debenhams' electrical appliance know-how has an allure for Harris. Whatever it learns from the experience will no doubt be put to good use at some later date. It is an open secret that a chain of electrical appliance stores is

a gleam in the Harris Queensway eye. For the nearer term, the current year has got off to a good start with sales ahead by 30 per cent in the first quarter. Profits for 1984 could reach over £35m and with only 5 per cent of the furniture market and 17½ per cent of UK carpet sales under its belt growth from traditional activities is far from over.

## Life after tax

It was the turn of Britain's largest and second largest life assurance groups to report 1983 figures this week. The Prudential Corporation posted profits of £66m against £55.6m pre-tax while number two in the league, Legal & General, reported an increase from £46.7m to £56m. The figures were more or less as the market had been expecting.

The only real surprise was criticism of the Pru. After criticism at the half way point when the dividend was raised by only 10 per cent, the men behind the distinctive red brick facade in High Holborn have bumped up the final payout to give a full year increase of 27 per cent. Arguably the rise is justified by earnings from its life business which puts the Pru's dividend cover back into line with the sector average. Perhaps more to the point the group is now feeling relaxed about its prospects despite the Chancellor's



removal of tax relief on life premiums. Indeed the general impression from the life assurance companies that have reported so far, six to date, is that they are fairly encouraged by prospects. The average dividend increase is running around 20 per cent and the tax changes will probably have more impact on Stock Market sentiment than actual future profitability. To a certain extent, the attitude by the life companies may be over optimistic but there is unlikely to be a major impact on profits this year, even if new business margins still suffer.

Yield attractions are said to be underpinning share prices at present. The Pru, for example, is yielding over 40 per cent more than the market average. Following the recent shake out in prices after the Budget tax changes, still, unless shareholders were unlucky enough to buy right at the top early last month—since when the sector has fallen by an eighth—they should be sitting on sizeable capital gains. The shares must be vulnerable to some profit taking despite income considerations.

Terry Garrett

## MARKET HIGHLIGHTS OF THE WEEK

	Price	Change	1983/4	1983/4	
	Y'day	on week	High	Low	Profit-taking
F.T. Ind. Ord. Index	877.0	-14.5	901.4	598.4	
A.E. Electronic	500hr	+44	515	194	Good results/£185m rights issue
BAT Ind.	225	+17	225	180	Good preliminary figures
Bowater	321hr	+57	333	161	Demerger of U.S. interests
Charter Cons.	247	+12	303	205	Firm base-metal markets
Commercial Union	226hd	+41	237	124	U.S. bid speculation
Delta Group	99	+20	100	41	Excellent annual results
Exco Int.	47hr	-88	729	311	Rights issue
Harris Queensway	398	+24	402	258	Results and scrip issue
ICI	606	-26	660	350	Nervous selling
Jardine Matheson	90	-30	160	61	Change of domicile to Bermuda
Ladbroke	239	-32	272	160	Annual results/profit-taking
Lloyds Bank	610	+32	625	395	Accountants relax tax relief
Micro Business Systems	465	+85	465	98	Buyback computer issues
Minster Assets	139	+11	144	77	Revised bid speculation
Park Place Inv.	133	-33	182	122	Interim profit-taking
P. & O. Def.	295	-19	315	106	Trafalgar House drops bid
Pitkin Bros.	323	-27	380	155	Fading bid hopes
Prudential	473	+33	524	321	Preliminary figures
Ricardo Cons. Eng.	88	-20	154	84	Disappointing results

## BBC scenery union split on National

By Our Labour Staff  
LARGE NUMBERS of pickets covered the Grand National emerged yesterday in the newly-formed union involved in the BBC scenery dispute.

The Entertainment Trades Alliance is the product of the merger of two unions whose officials appeared to differ over a threat to extend the dispute by blacking out live coverage of today's race.

Mr Paul Bromley, BBC officer of the National Association of Cinematograph Employees, which makes up one half of the ETA, said: "A large number of our members have been issued with dismissal notices by the BBC, so whether or not the race is broadcast is now in the balance."

But Mr Tony Hearn, general secretary of the Association of Broadcasting Staffs side of the ETA, gave a "categorical" undertaking that the horse race would not be blacked. "The Grand National will go on because it would do us no good in the public eye to stop the broadcast and it would not help us in the dispute," he said.

The six-week-old dispute was sparked off by BBC plans to reorganise its scenery department. Recording of more than 60 programmes has been postponed and the corporation has sent dismissal notices to 595 scenery makers.

Letters sent yesterday to all BBC television staff by Mr Bill Cotton, the managing director of television, made it clear the corporation was determined to press on with the reorganisation which is intended to save £1.7m a year.

Mr Cotton said that some local agreements and demarcation lines with the scenery workers would have to go.

"A start while ago we had a dispute based on the premise that hessian palm-trees were scenery but fibre-glass palm-trees were props."

## Picket threat to hospital cleaning

By David Brindle, Labour Staff  
LARGE NUMBERS of pickets are expected outside a London hospital tomorrow and on Monday to try to prevent a contract cleaning company sending in workers to replace strikers.

Crothall, a subsidiary of PricewaterhouseCoopers, has told Redbridge Health Authority it intends to honour its contract at Barking Hospital, despite the strike by 85 of its workers there.

The contract takes effect from tomorrow. Unions representing the strikers say Crothall has been recruiting other labour to take over the jobs.

The strike began nearly two weeks ago after Crothall said the terms and conditions of its cleaners at the hospital would be changed from April 1.

The National Union of Public Employees says the changes came after the company cut its contract price by 41 per cent to keep the work. As a result, the union maintains, the cleaners' total hours of work have been cut from 2,158 to 1,313 a week, cutting their income by 30 to 60 per cent.

The union say sick pay entitlement has been stopped and paid holiday entitlement cut from 4½ weeks a year to three.

Sixty portering and catering staff employed by the health authority at Barking Hospital joined the cleaners' strike yesterday. However, they gave a guarantee of emergency cover.

Mr Rodney Bickelstaffe, NUPE general secretary, is expected to join the picket line on Monday.

Redbridge Health Authority said yesterday Crothall had given an undertaking to fulfil its contract from April 1. Nobody at the company was available to comment.

# Why the Fed holds off

BY MONDAY of this week, the New York markets had more than half convinced themselves that a discount rate increase would be sprung on them to coincide with the Federal Open Market Committee meeting in Washington.

It failed to materialise on Monday and the markets relaxed a little. It did not occur on Tuesday either, and they relaxed a little more.

By Wednesday, equities were willing to look on the brightest possible side of the fall in short term rates that had been encouraged by the lack of bad news from Washington, and pushed the Dow Jones Industrial Average up by 20.31 points.

This was its biggest jump since February 24 when the index pulled away from the bottom of its early year slide.

Wednesday, in fact, turned out to be a real maverick of a day. At the end of the settlement period under the Federal Reserve Board's newly-introduced contemporaneous reserve requirements system, the Federal Funds Rate suddenly dived vertiginously to 5 per cent at one point in the afternoon before firming to 7.8 per cent.

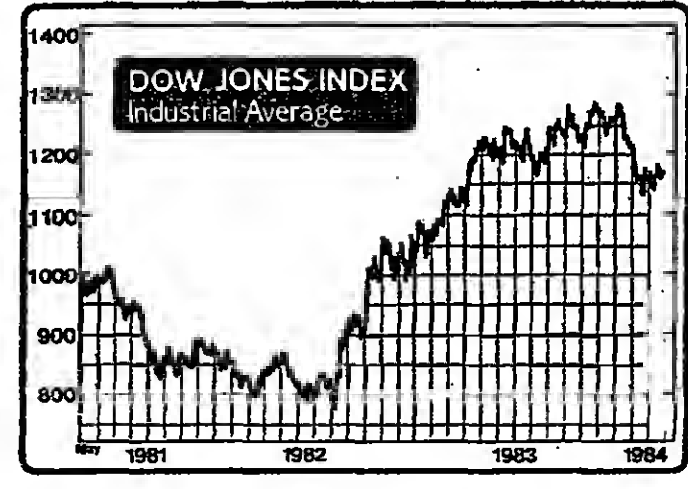
Analysts, who had been contending for the last fortnight that the Fed had already tightened, swallowed hard and stuck to their guns, arguing that the Central Bank had temporarily misjudged a bulge in Treasury payments which had left a lot of liquidity in the banking system.

On Thursday, they breathed again when the Fed funds rate slipped back over 10 per cent, and the equity market was forced to take a small step back.

All this toing and froing does not conceal the fact that the credit markets still believe the chances are high for a discount rate hike sometime soon.

The 30-year Treasury Long Bond, hovering at a yield of around 12.50 per cent against 11.90 per cent at the beginning of the year, is clearly sending out a warning of revived inflationary expectations and the economic figures out of Washington this week continued to show the recovery bounding along more strongly than the purists would like.

Leading indicators were up by 0.7 per cent in February, and imports are still pouring into the country at record rates. One factor which is said to have persuaded the Fed not to rush a discount rise was this week's talks over Argentina's debt—increasing the rate in the midst of the talks would have sent out the strong signals, it is argued, at a time when Mr Paul Volcker, the Fed's chairman, wants to show his support



for reasonable debt restructuring agreements.

The discussions have also had a further impact on the U.S. markets, in the shape of bank share prices, which have taken a hammering recently as Wall Street became increasingly pessimistic about the bank's chances of collecting interest on their Argentine debt for this quarter.

At the beginning of the year, the banks looked set for a period of renewed favour, as

## NEW YORK

TERRY DODSWORTH

the debt rescheduling sagas of 1983 faded away. But after a month of sparkling recovery, the shares have now been knocked back again.

Since the beginning of February, Morgan Guaranty's share price has lost over 12 per cent to around \$68, while manufacturers Hanover's has come back by over 13 per cent to \$35, and Citicorp's by 8 per cent to just over \$35.

If Argentina fails to pay this quarter, and the loans go on a non-accrual basis, some estimates put the cost to the U.S. banks at more than \$300m. The situation also poses other problems. Bank shares have taken such a hard knock that many institutions are trading at a huge discount to their net assets. This makes it difficult to raise money to expand—a point which Chase Manhattan demonstrated this week when it floated an ingenious scheme to raise equity capital by the curious device of issuing 12-year notes which pay interest in common shares.

Under the Government's capital ratio guidelines, Chase will be able to treat the new debt as though it were primary capital and thus gear up its operations.

Investors were not entirely convinced by this device, however, knocking back Chase's shares by \$1 to \$49½, while the Moody's rating agency lowered its debt rating on the group from double A-1 to double A-2.

Elsewhere, AT&T re-emerged in its new slim-line, post-investment shape to make its first real challenge to its competitors in the computer industry.

Its announcement of a new range of desk-top and super-mini computers did little to alter Wall Street's view that the group still has a long way to go to make itself felt in a non-monopoly market.

Its shares fell \$1 to \$15.75 but the little fixing of the muscles was still enough to put the skids under the shares of a potential competitor, Digital Equipment, whose shares lost \$2½ before the announcement.

In the oil sector, the dampening of takeover speculation has not boded a total halt to the action. Enstar, under siege from Mr Roy Huffington, yet another Houston millionaire—how many of them are there?—announced that it was up for sale. Marathon concluded a \$500m offer for Husky of Canada's U.S. operations and Royal Dutch Shell was forced to turn its friendly cash merger proposals for Shell Oil, its U.S. affiliate, into a full cash tender offer.

Earlier, Shell Oil had smoothly rejected Royal Dutch's \$55 a share offer. But Royal Dutch, insisting that this is a fair price, is seeing what it can mop up without increasing the bid, and Shell Oil's speculative \$60 a share market price immediately dropped to \$55½. The arbitrageurs could be in trouble on this one.

MONDAY 1152.95 - 1.89  
TUESDAY 1154.31 + 1.36  
WEDNESDAY 1174.62 +20.31  
THURSDAY 1170.75 - 3.87

## BUILDING SOCIETY RATES

	Share	Sub/pn	Others	
	£/cs	shares		
Abbey National	6.25	7.25	7.25	Seven Day Account 7.75 Higher Interest acc. 90 days' notice or charge 5.00-6.50 Cheque-Save
Aid to Thrift	8.50			
Alliance	6.25	7.25	7.25	Monthly income—3 months' notice 7.50 28 days' notice, imm. withdraw, 28 days' penalty 7.25 7 days' notice. No interest penalty
Anglia	6.25	7.25	7.75	3 year Bond. No notice. 3 months' penalty 7.50 Capital Share. No notice. 1 months' penalty 7.25 7 days' notice. No interest penalty
Birmingham and Bridgwater	6.25	7.75	7.25	5 days' notice or 20 days' int. pen. £500/min. 7.75 Guaranteed fixed rate. 12 months. £500 min.
Bradford and Bingley	6.25	7.25	7.25	7 days' notice or loss of int. or imm. wd 1 m loss of int. 7.25 7 days' notice or on demand
Britannia	6.25	7.25	7.25	7 days' notice. 7.50 28 days' notice
Cardiff		7.25	7.75	
Catholic	6.50	7.50	7.50	6-month deposit. Monthly income
Century (Edinburgh)	7.75		8.75	Variable. \$86 Permanent 2/3 years
Chelsea	6.25	7.25	7.75	Immed. withdrawal (int. pen.) or 3 mths' not.
Cheltenham and Gloucester	6.25	7.25	7.50	Good account £1,000+. No notice. No penalties. Monthly interest 45,000+. Min. 7.75 if added to account
Citizens Regency	6.50	8.00	7.40	Plus account—no penalty. Double option 7.50
City of London (The)	6.50	7.25	8.00	6 months' notice—no penalty during notice
Derbyshire	6.25	7.50	8.00	7.25 1 months' not. 6.75-7.60 3 months' notice
Greenwich	6.25	7.50	7.25	7.50 subject to bal/7 days' notice
Guardian	6.50		7.75	3 months' £1,000 minimum
Halifax	6.25	7.25	7.25	Xtra Interest, 7 days' notice, no penalty 7.50 Xtra Interest PEUS 28 days' notice, no penalty 7.75 Special Inv. Cert. 3 months' notice/penalty
Heart of England	6.25	7.50	7.25	5-day notice. 7.25 Flexi-Term
Hemel Hempstead	6.25	7.50	7.75	3 years 7.60 28 days. 7.35 over £5,000
Hendon	7.25		7.75	3 months
Lambeth	6.40	7.50	8.05	28 days' plus loss of interest 7.25 3 months'
Leamington Spa	6.35		7.50	Top Ten 4½ interest. 7.75 Lion Share
Leeds and Holbeck	6.25	8.00	7.75	3 yrs. monthly int. 7.75 1 mth. notice or pen.
Leeds Permanent	6.25	7.25	7.50	Ex. Int. £500 min. 28 days' notice/penalty
Leicester	6.25	7.25	7.98	compound. 3 years. 7.25 3 months
London Permanent	6.75		7.75	1-year term. imm. wd. with loss of 1% bonus
Midshires	6.25	7.75	7.75	8-yr term with 0.5 bonus on matly if relav'd.
Mornington	7.60	7.50		Immediate withdrawals—no penalty
National Counties	6.55	7.55	7.80	1 month notice (no penalty): £1,000+
National and Provincial	6.25	7.25	7.50	1 month's notice or immediate and interest loss
Nationwide	6.25	7.25	7.75	Capital Bonds, 3 yrs., £500+ min. wd. with 90 days' loss or notice. Bonus account 7.25, £500 minimum withdraw. with 28 days' loss or notice







## Edinburgh Fund Managers plc A YEAR OF EXCEPTIONAL PROGRESS.

- 1983/84 was a year of exceptional progress for Edinburgh Fund Managers.
- Funds under management increased from £326m to £540m.
- Crescent Unit Trust Managers had a particularly successful year, expanding its market share in a record year for unit trust sales.
- The Chairman states, "We believe that our objectives are clear, and that within our existing structure we have the capacity to be a UK leader in our field."

RESULTS FOR YEAR ENDED 31 JANUARY 1984		
	1984	1983
Profits before Tax	£2.46m	£0.82m
Earnings per Share	8.32p	2.67p
Dividend per Share	2.20p	1.44p

Copies of the 1984 Annual Report are available from the Secretary by completing the coupon below.

To the Secretary:  
Edinburgh Fund Managers plc, 4 Melville Crescent, Edinburgh, EH3 7JB.  
Please send me a copy of the 1984 Annual Report.

Name \_\_\_\_\_  
Address \_\_\_\_\_



Edinburgh Fund Managers plc, 4 Melville Crescent, Edinburgh, EH3 7JB. Telephone: 031 226 4931.

## FINANCE AND THE FAMILY

# Divorce and an aggressive solicitor

BY OUR LEGAL STAFF

I should be grateful for any advice you can give me about a solicitor's bill.

I am divorcing my husband for admitted adultery. My husband wrote to my solicitors, agreeing to pay my solicitor's bill. At the same time, he wrote to me, explaining that he was doing this for two reasons:— as reparation for the way he had treated me and, to maintain good relations between us.

He asked my solicitors, in his letter, to send the bill direct to him. In the event, my solicitor sent it to my husband's solicitor, a particularly aggressive character, who has subsequently advised my husband not to pay it.

I have since changed my solicitor, who on several further counts proved highly unsatisfactory—not least that he was not prepared to stand up to my husband's solicitor, always to my detriment.

My query is, how can I make my husband meet his written commitment to pay my solicitor's bill? If the payment of the solicitor's bill was offered in consideration of your foregoing some claim in the matrimonial proceedings you have a contractual right to insist that your husband pay it. Your remedy would be to pay the bill and sue your husband for the sum paid; but you should not do that until you have reviewed the position with your new solicitor.

since there might be some doubt as to the contractual nature of the agreement with your former husband and it might be necessary to assert against your former solicitors that they ought to have secured your position more effectively.

### Boundary of the ditch

I would be glad if you can clear up this disagreement between my neighbour and myself. The ditch is on his side of the hedge and I mentioned to him that as it had not been cleaned out for at least 40 years, although still getting the water away, I should be cleaning it, etc. My neighbour was taken aback, claiming that the ditch was his and that his boundary was the middle of the hedge and produced his deeds to prove it. His deeds clearly say that his boundary is as shown on the Ordnance Survey which he says is the middle of the hedge. Is this claim correct? My deeds do not specify where my boundary lies. I was going on the assumption that the ditch goes with the hedge. I noticed farther down that the same ditch has been piped and claimed by other householders. Is this legal if the same circumstances rule. I mention that the deeds I've seen go back 50 years so that it is not a new claim.

A boundary may lie in the middle of the hedge or along the line of the bank of the ditch, i.e. between the hedge and the ditch, although it would be usual for a ditch on the far side of the hedge to belong to you. It is, however, a question of fact in each case. Where the boundary can be clearly seen on the title deed plans that will displace what the deeds say. As to the piped section of the ditch we cannot say without more detail—but if the piping was affected more than 12 years ago a possessory title may have been obtained, assuming that there was no other title in the person who affected the piping.

### Damage to a fence

I have a plastic coated chain link fence, which runs the length of my property along the boundary with my neighbour. Recently the fence has suffered strain at the bottom owing to the fact that he has placed various planks of timber along his side of the fence to retain the soil in his garden which is some three to four inches higher than my side. Pieces of old iron and timber have been placed between his planks and my fence making it look untidy. This has caused the fence to bulge into my side, putting undue stress on the bottom straining wire between the posts. What steps can I take to prevent him from doing this?

Technically you would be entitled to obtain an injunction to restrain the trespass and/or nuisance, but you may find that a court would only give you damages in lieu.

### Declaration of trust

The house in which my wife and I live was bought by myself 30 years ago but I subsequently made it over to joint tenancy of myself, my wife and my daughter with the intention that it would be my daughters sole property on our decease. Should, however, my daughter's family obtain possession of the property in case my wife should die otherwise should the situation arise? You would have to enter into a deed of declaration of trust (with your wife and daughter) making express provision as to the way in which you wish the equitable interests to be disposed of.

### Father's wishes

The Trustees are preparing to terminate the Settlement in its present form by appointing it among the beneficiaries. I am not satisfied with the latest proposals made by the Trustees

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

and I do not believe they are accord with my late father's wishes.

These latest proposals differ considerably from earlier proposals which were put forward for consideration, so much so that the two sets of proposals cannot both be in accord with my father's wishes as expressed to the Trustees. I contend that the original proposals, made shortly after my father died in 1978, accord more nearly with his wishes, at least as I understand them, than do the new proposals produced nearly six years after his death.

My queries are:— 1—How can I stop the Trustees proceeding with the proposed distribution? 2—As it is a discretionary trust what redress, if any, do I have against the Trustees if they proceed to appoint the Settlement in accordance with proposals with which I disagree and which I contend are not in line with my father's wishes?

If I wish to proceed against the Trustees as a litigant in person to what Acts and Orders should I refer? 1—No: but you need not accept any distribution in your favour—you have the right to disclaim. 2—None at all. The discretion is vested in the trustees and a discretionary object cannot set up against that discretion his views (even if "right") of the settlor's wishes. This is usually a question of case law rather than statutory provisions.

## Thoughts of the chairmen

FIREWORKS ON the metal price scene this week have been largely in the base metals which at long last appear to be responding to economic recovery.

Even copper, for long a Cinderella of the market, has risen to its highest price for over eight months on the London Metal Exchange and lead has reached a two-year high. Zinc is looking a little uncertain, but it is still at its highest for nearly 10 years.

The price of gold, on the other hand, has hardly stopped the City in its tracks any more than has the bullion price has been coasting at just under \$390 per ounce. South African gold com-

pany chairmen have been expressing generally optimistic views in their annual reports.

Mr Peter Gush and Mr Rawdon Lawrie, chairmen of the Anglo American Corporation group's Transvaal mines have said that "the outlook for gold is more positive now than it has been in the past 12 months."

Pointing to the likelihood of a further fall in the value of the U.S. dollar they expect investment funds to move into other currencies in which case there could also be a spill-over into gold.

well in the light of subsequent events.

This time round he has been prepared to say that "the outlook for gold remains promising, particularly in the medium to longer term." He also expects fabrication demand to improve and points out that the continuing debt problems of the third world can also influence the gold price.

But Mr Ted Pavitt, of the big Afrikaner-controlled General Mining Union Corporation (Gencor) mining and industrial group is more cautious. He, too, thinks that some recovery in the dollar price of gold is possible this year but he also feels that there could be a strengthening of the rand against the dollar.

Thus the benefits to the South African gold mines of higher dollar prices would be eroded by an adverse exchange rate when dollar revenue from gold sales was changed into rands. Meanwhile, his expectation of a rise in South African taxation has been borne out in the budget this week.

The surcharge on tax paid by the gold and diamond mines has been increased to 20 per cent from 15 per cent. This will mean that the top-earning mines will have their profits reduced by up to about 6 per cent, but a rise of a few dollars in the gold price should put things right.

South Africa has also raised

its industrial company income tax to 50 per cent from 46.2 per cent. This will affect the non-mining income of De Beers and, of course, the industrial income of Gencor.

Mr Pavitt reminds shareholders that South Africa is still suffering from a drought with its "far-reaching repercussions" and sees little hope of much improvement in business conditions this year.

It is likely to be another difficult business year for the group and one in which we can look for little more than a maintenance of the level of earnings," he concludes. Still, shareholders can comfort themselves with the fact

that Gencor's increased dividend of 190 cents for last year was covered by earnings of 383 cents per share. The proposed R400m (£223m) rights issue of convertible preference and debentures—terms are still awaited—should be well supported.

A considerable improvement in this year's results of the U.S. Amstar diversified natural resource group is forecast by Mr Pierre Goussard, the chairman. Given continued world economic recovery, he says, "we expect to return to profitability in 1984" following losses of \$459m (£338m) last year and \$390.1m in 1982.

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6 Month Notice Share	8.00%	is payable	11.43%
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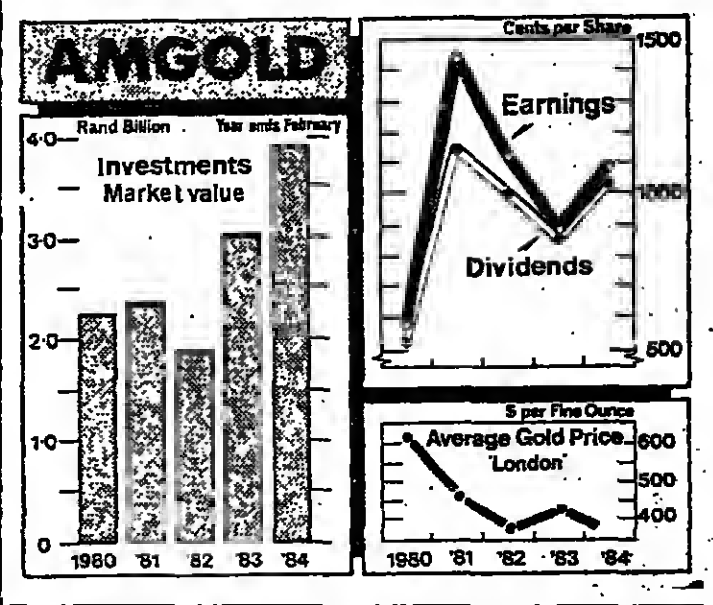
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### MINING

KENNETH MARSTON

They add that if the U.S. economy continues to grow and inflation is kept in check, industrial demand for the metal should expand. If the U.S. falters and inflation rises, this should also help the gold price.

Mr Julian Ogilvie Thompson, chairman of Anglo American Gold Investment (Amgold) is not one to be carried away. A year ago when the gold price was \$418 he commented: "Experience has shown how circumspect one must be in assessing probabilities in the gold market," which was just as



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### UK CONVERTIBLE STOCK 31/3/84

Statistics provided by DATASTREAM International

Name and description	Size (£m)	Current price	Terms*	Conversion dates†	Flat yield	Red yield	Premium‡		Income		Current
							Current	Range‡	Equil	Conv†	
British Land 12pc Cv 2002	9.60	388.00	333.3	80-82	3.1	5.7	8 to 1	46.1	60.8	8.6	+ 0.3
Hanson Trust 9 1/2pc Cv 01/06	81.54	288.80	160.7	88-01	3.3	3.3	8 to 1	170.1	70.8	28.9	-28.9
Slough Estates 10pc Cv 87/90	5.03	280.00	234.4	78-85	3.6	5.7	14 to 4	31.4	9.5	4.0	+ 2.7
Slough Estates 8pc Cv 91-84	24.72	117.50	97.5	80-88	6.9	5.4	6 to 3	28.9	28.7	0.7	+ 6.5

\* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The actual date of investment in convertible stock is 31st March of the year of the conversion date. ‡ Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is assumed to grow at 10 per cent per annum until the conversion date. † Income on £100 of convertible stock is assumed to grow at 10 per cent per annum until the conversion date. ‡ This is income of the convertible stock, not of the underlying equity. † Income of the convertible stock is assumed to grow at 10 per cent per annum until the conversion date. ‡ This is an indication of relative cheapness. † This is an indication of relative dearth. ‡ Second date is assumed date of conversion. This is not necessarily the last date of conversion.

John, in 1984



# YOUR SAVINGS AND INVESTMENTS-1

After the Budget and cuts in interest rates, Clive Wolman surveys the savings field

## Following the route to the greatest returns

IF YOU feel frustrated at being unable to get a clear-cut answer to the question, "Where do I put my savings now?", the adjacent decision-tree might come in useful.

It is easy to become bewildered by the plethora of advertisements for different savings media when each one claims for itself unique advantages.

The use of a decision-tree assumes that it is possible to strip away the gloss and simplify the decision so that only three characteristics of any savings medium need to be taken into consideration. These are:

- The real post-tax rate of return offered by the medium, after adjustment for inflation. Calculating and comparing these returns requires no more than pocket-calculator-standard arithmetic.
- The risks that something less than that return will be achieved. These risks can normally be identified in advance and, at least in this area, can be reduced to future changes in interest rates, future changes in inflation rates and future changes in tax rates (either the general rate or your personal rate).
- The risk of changing tax rates is ignored, although you should make an allowance for it in your answers. So too is the risk that you could lose your money because the savings institution has gone bust.
- All the recommended savings media are highly regulated. And, notwithstanding the scare created by the enforced closure of the New Cross Building Society in January, even small building societies are tightly supervised and the risk of their failure is small.
- The ease with which you can withdraw your money from the fund. Ease of access is a decisive advantage for the traditional High Street clearing bank current account with chequeing facilities. But accounts which are primarily designed to permit everyday transactions are excluded from the scope of the decision-tree, which is aimed at those looking for a home in which to put their savings.

The other categories of investment media excluded are those which are speculative or carry high risks. This category covers unit trusts, investment trusts and unit-linked life assurance policies which invest primarily in equities (discussed elsewhere both today and next week).

A similar decision-tree was produced in December to help investors in the offshore "roll-up" funds decide where to put their money when the funds' tax privileges were removed at the year-end.

Since then however there have been several important changes in the savings field, particularly in the last three weeks, which necessitate a fresh look:

- Interest rates have been cut both on building society accounts and National Savings schemes. The yield on gilts too has fallen.
- Investment income surcharge has been abolished by the Budget.
- A judicial decision by the House of Lords on tax avoidance may have made it too dangerous for basic-rate taxpayers to use the Government securities dividend-stripping schemes organised by Barlow Clowes and Pointon York and recommended in December.
- The Inland Revenue's tougher attitude towards the taxation of profits achieved by trading in gilt-edged securities has meant that investing in gilt-edged unit trusts has become much less attractive than buying gilts directly.
- One consequence of these changes is that neither National Savings certificates nor any other National Savings product are attractive to any UK taxpayer except in certain limited circumstances, to those in the top tax band of 60 per cent.
- The interest of 7.25 per cent on the new 27th issue of National Savings certificates remains tax-free. But because the rate is 1 per cent lower than on the 26th issue, it cannot compete with low-coupon gilt-edged securities, the dividends from which are no longer subject to the investment income surcharge.
- Index-linked National Savings

certificates, the so-called Granny Bonds, are no longer worth buying by anyone, whatever their tax rate and no matter how pessimistic they are about the prospects for inflation.

Even if the 2.4 per cent annual supplement continues to be paid on Granny Bonds, soaring inflation will ensure a better return from index-linked gilts.

These inflation-proof gilts have become so cheap to buy that they are attractive not only to higher-rate taxpayers (because their taxable dividends are low) but also to those on basic rate.

Many readers will have no idea, and will have no wish to speculate, about future rates of inflation and interest. As professional economists make widely divergent forecasts on these subjects, theirs is a sensible view to take.

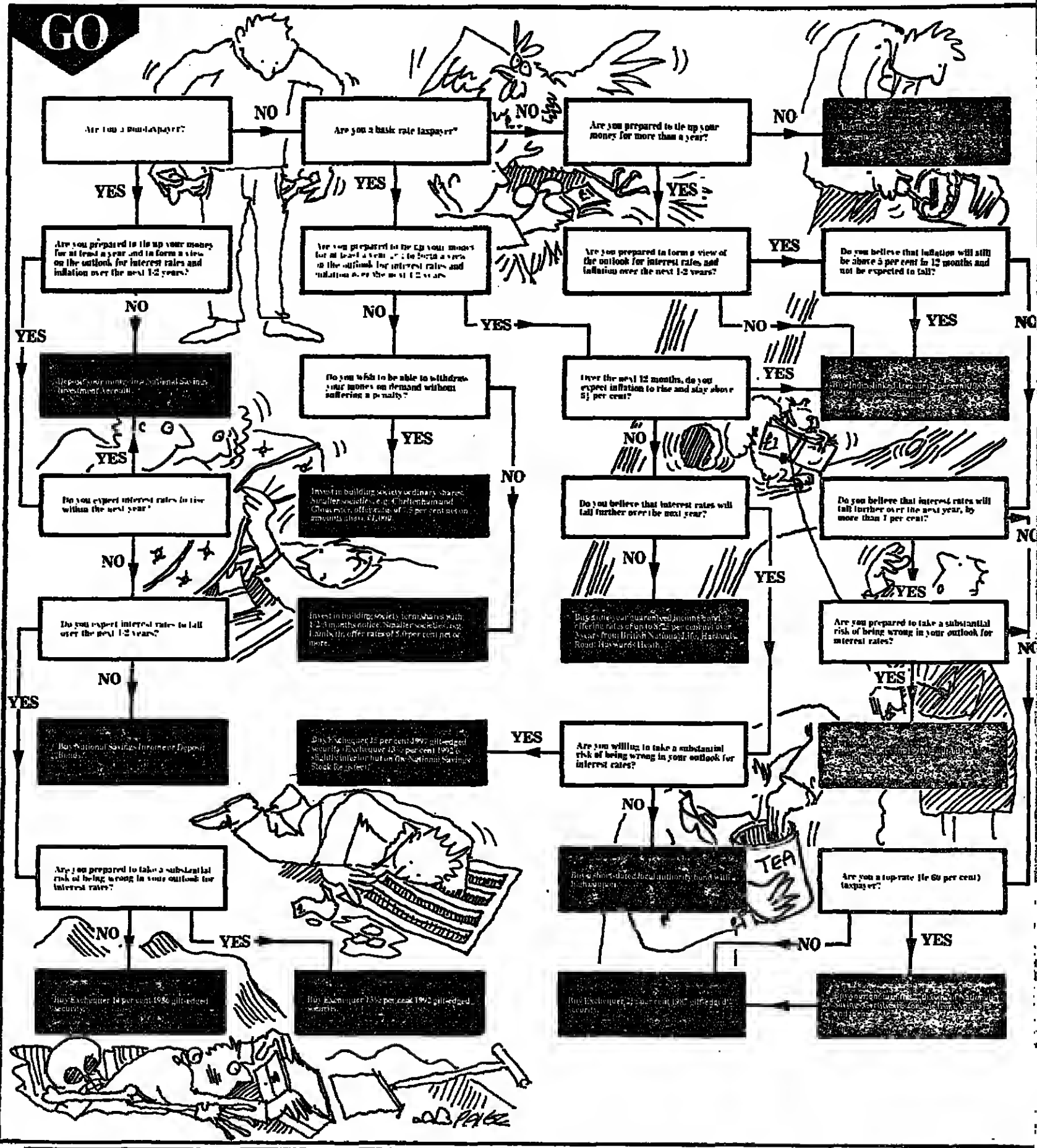
But if you do not want to take a blind gamble on inflation remaining low, put your money either into a building society account from where you can withdraw it without penalty at short notice—or into index-gilts.

These more or less guarantee that when they are redeemed from you by the Government, you will be able to buy with the proceeds the same range of goods that you could buy with your investment today (at least if prices have not risen above average)—plus a rate of interest of 2.5 to 4 per cent net per year.

But those who take a firm view that inflation and interest rates are to fall further and are willing to put their money where their mouth is should buy conventional (non-index-linked) gilts which will be redeemed by the Government only in the next decade.

The further away the redemption date, the more the price of your gilt will rise when interest rates fall. But the converse is also true. The more you stand to lose if interest rates rise.

There is nothing to stop you buying a gilt whose redemption date is up to 30 years away. But then the risks you take will be greater than those of investment in many equity unit trusts.



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- Specialist Retailing
- Cyclicals
- Leisure Industries

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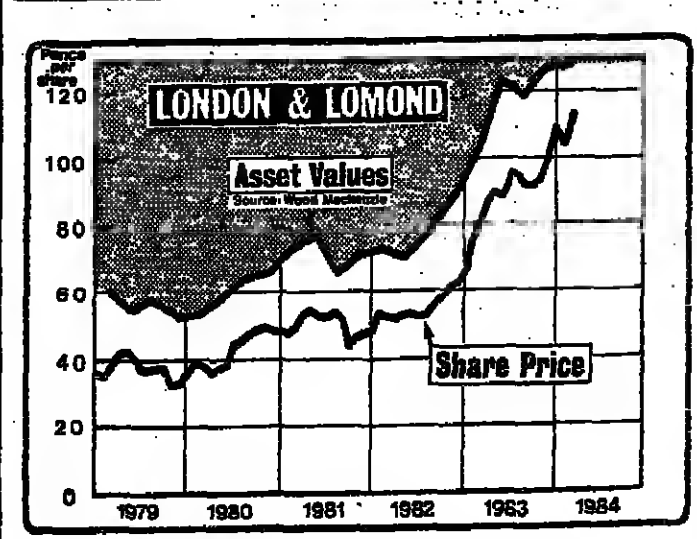
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**INVESTMENT TRUSTS**  
**A new way into the latest yo-yo sector**

**STEFAN WAGSTYL** explains the birth of a managed fund specialising in information technology

PRIVATE INVESTORS are often tempted to put money into companies at the forefront of change. Once oil and gas were all the rage, then it was electronics. Now it is information technology.

The difficulty is that investing in the small and growing companies in these sectors carries a high degree of risk. A professionally-run investment vehicle can at least diversify the risk over many companies in a particular sector.

A rather dormant corner of the investment community, the investment trusts, has in the last two years been following the trend of unit trusts by offering more specialist managed funds.

The Gartmore investment trust empire, which manages £450m worth of assets, is turning the London and Lomond Investment Trust into a fund specialising in information technology and financial services.

And it is changing the trust's name to the Gartmore Information and Financial Trust (GIFT).

The switch reflects the policy Lomond has already followed in backing the information technology and financial services sector. About 40 per cent of the portfolio is in such companies and the strategy will be to move this proportion up to 100 per cent.

The funds will draw on what Gartmore claims is one of its greatest strengths, picking winners among small unlisted companies. Lomond had 141 per cent invested in such companies, among them the outstandingly successful Telerate, the U.S. financial information group. The plan will be to raise the proportion of unlisted companies to 35 per cent.

North America will be a major target for investment, but Japan and the UK will also figure prominently.

The GIFT board includes John Gunn, chief executive of the financial services group Exco International—which controls both Gartmore and Telerate—and Neil Hirsch, Telerate's own president and chief executive.

The redefined trust has been immediately welcomed by the City. The Prudential Assurance Company, the largest shareholder, raised its stake by nearly a third from just under 13 per cent to nearly 17 per cent.

The trust share price leapt from 104p to 118p on the announcement day earlier this month before easing back to trade this week at 112p.

A key sign of a trust's popularity is the discount—that is a measure of how far the investment trust share's market price lags behind value of the underlying investments. The discount on GIFT's shares fell from 18 per cent before the launch to 12 per cent this week.

Specialisation has not always been an easy path for investment trusts to follow. There have been spectacular successes like several Japanese trusts launched in the past few years. Some technology trusts have also made great gains.

But supporters of the more old-fashioned general trusts argue that specialisation is unnecessarily restrictive. It may lead a trust to miss a golden opportunity.

There is also risk of specialising in the wrong sector at the wrong time, as for example the Darlen Oil Trust did.

London and Lomond was one of the most successful UK trusts last year—ranking 20th out of 141 trusts, in terms of asset performance.

GIFT is only the first stage of a Gartmore plan to review the policies of several of the eight trusts in its charge and it is likely that some will become more specialist. More changes are expected to be announced over the next year.

**Cecil Gee looks for a High Street gold mine**

BY WILLIAM DAWKINS

DAPPER MICHAEL GEE, who has been busy recently brushing up the image of his 53-year-old family firm, the Cecil Gee menswear chain, would dearly love to extend his talents further down the high street.

Gee, 44, first set his sights at James Walker Goldsmiths and Silversmiths, the fully-listed group of 110 jewellery shops of 110 January when he bought a 14.5 per cent stake as a platform for a full bid.

His takeover plans seemed to be comprehensively scotched, however, when rival jeweller, H. Samuel stormed in earlier this month with an agreed £28m cash bid at 165p per share, against the January price of 80p.

Undeterred, Gee hinted this week that he might rejoin the battle with the help of a few rich friends.

"We have had offers from one or two big public companies saying they would put the money up," says Gee, who



estimates that he would need at least £33m to seduce Walker this time. But he adds: "We are not actually trying to form a consortium. Let's just say we are open to offers."

Following the announcement on Wednesday of a 25 per cent increase in pre-tax profits to £1.05m for the year to last December, Cecil Gee's shares gained 1p to 141p, where the USM values the group at £12.3m. That is just over a third of Walker's current market value, so Gee would clearly need very substantial outside help to mount what would be the USM's biggest takeover this year.

If he should succeed, however, Gee has great plans to revitalise Walker, which has been running at a loss for the past two years. "Nothing much has changed in those shops for 30 years, and it would not be difficult to spruce them up," he says.

There would also be scope, says Gee, to transfer 20 or 30 Walker shops to the new Gee 2 Jewellery outlets, which account for 11 of the group's 27 clothing stores. "In some places, Walker has three jewellery shops under various names in one high street, and it would take us two or three years to get the same locations without overpaying," says Gee.

But if his pipedream falls to materialise before May 16, the offer's closing date, Gee will not exactly be complaining. "H. Samuel's bid values the group's Walker holding at around £2m, over £800,000 more than Gee paid for it."

**Jebsens' North Sea sunrise**

THE SUN may be rising over the North Sea for Jebsens Drilling, the oil rig operator which saw its share price founder badly last month following a £5.23m profit decline and a missed dividend.

If Jebsens' fortunes are improving, however, the company admits to being puzzled as to the reasons why. Its share price plunged by 50p to 110p in the few days following Jebsens' announcement that pre-tax profits for the year to last December had slipped from £19.46m to £14.2m due to a sharp depression in the drilling market.

The price has since more than recovered its lost ground, rising from 145p to 165p during the week, where Jebsens is valued at 227m. Over the past 10 days, the shares have gained more than 30 per cent, and Jebsens

has turned from a USM laggard to its hottest performer in the space of a month.

And all this is without a word of optimism from the company. Indeed, in the annual report, published shortly after the results, Atle Jebsens, the chairman, warns that "the year ahead will be a difficult one."

Rates are unprofitable and two of Jebsens' three semi-submersible rigs are lying idle. Its fourth vessel, the Pacorse 1 drill-ship, is on the point of signing a 120-day contract to drill for Shell off Somalia, but the job will not start until June and will be at "below break-even rate. All of the rigs should be at work during the summer, but the company expects rates to be equally poor for them.

"We really don't know why our price has picked up like

this," confesses Hal Henderson, company secretary. "We can't say that we have exactly been spreading good news." Brian Barrow, managing director, adds: "We are in a state of limbo-at the moment."

Part of the reason might be that Jebsens' equity is scarce enough for a few individual buyers to exert a dramatic effect on the price. Brokers estimate that there is a free market for a mere 250,000 shares—and thinly traded USM stocks are notorious for occasionally erratic performances.

Market hearsay, however, has it that shares in Jebsens, once part of major shipping group Kristian Jebsens, Rederi of Bergen have attracted the attentions of one or two large Norwegian buyers.

W.D.

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**Banking invasion from over the border**

**MARK MEREDITH** on the Bank of Scotland's latest bids for customers

IN A chameleon-like manner, banks today look more like building societies and building societies look more like banks. There is a scramble for the middle ground of savings accounts with cheque books or current accounts that pay interest, and savers have currently up to nine various systems from which to choose. More are on the way.

Being all things to all customers is not just a defensive manoeuvre by the big banks. For smaller banks like the Bank of Scotland it is the key to expanding a customer network. This bank, which is behind no less than four innovative retail banking services on offer throughout the UK, is feeling a little cramped in Scotland. It is seeking ways of taking on not just its larger Scottish rival the Royal Bank, but also the big four English clearing and the multitude of building societies south of the border.

It remains very aware of its Scottish roots with over 35 per cent of its home market. But the recent series of new banking services to emerge from the Bank of Scotland's marketing department has been designed to win new accounts south of the border without a big branch network.

The Royal Bank of Scotland will merge with its sister, Williams and Glyn's Bank, late next year giving the Royal some 390 branch offices in England. The Bank of Scotland, however, has to make do with 10.

A branch network is vital to bring in the current accounts. So it was the savings and financial services the Bank of Scotland saw as their target areas. They have already produced a couple of firsts: first clearing bank to experiment with home banking and first UK bank to open a high interest hearing cheque account linked to money market rates.

The latest idea has been an alliance bank, a deal with the Alliance Building Society linking the Bank of Scotland to an additional 1,000 Alliance

branch offices and agencies. Savers put money into Alliance and withdrew through the Bank of Scotland. The two sides report 5,000 accounts since the plan was launched in late January.

Savers invest a starting minimum of £500 with the Alliance. Of this, £350 is then transferred to the Bank of Scotland. The bank's computers screen the Alliance accounts daily and when the account with the bank drops below £100, it is topped up to £350 again. The customer gets a Bank of Scotland cheque book along with a Visa card.

Another pitch to the savers has come with Homelink in which the Bank of Scotland has joined with the Nottingham Building Society and the Post Office's Prestel system. Customers of the Nottingham and Nottingham accounts and switch funds between accounts by keying their code number through their Prestel-equipped television. The bank admits this has been a local experiment serving to test the flexibility of its own computer system.

Managers at the bank's Roman haroon headquarters overlooking Edinburgh are coy about the number of customers with a minimum £10,000 to invest who have signed on for their money market cheque account introduced last year. But other banks have taken up the idea since.

Still looking for novel ways to win customers, the bank last month brought out a new version of its Visa credit card, developed with the Automobile Association and offering an additional range of discounts and benefits for motorists.

The card looks like the normal Visa card but carries the AA insignia on the back and the bank hopes new business will be generated from among the 5.6m members of the Association.

**YOU CAN WITHDRAW FROM ANYWHERE YOU LIKE.**

**HIGH RISK HIGH RETURN ACCOUNT**

**Alliance Building Society**

**"Record growth, record lending"**

Highlights from the speech by Mr C. J. Baker, LL.B., B.Sc.(Econ.), F.I.A., A.C.I.I., Chairman, at the Society's Annual General Meeting on 30th March 1984.

- Alliance assets grew by a record £423 million during 1983 and general reserves increased from 3.83% to 4.06% of assets.
- A record £666 million was lent to 31,820 borrowers in 1983. The number of Alliance investors increased by 53,000 and the total number now approaches 900,000.
- The demand for mortgage loans was strong throughout 1983 and competition for investors' funds was even more intense than in the previous year.
- But for the arbitrary decision by the Inland Revenue to tax at the full corporation tax rate the profits of building societies from investing in Government securities, the recent mortgage rate reduction would have been 1% instead of 1%, according to the Chairman of the Building Societies Association.
- The most exciting development by building societies recently has been Alliance Bank-Save, a joint scheme with the Bank of Scotland. Of the links offered by societies it is the only one to provide a building society interest-earning account with automatic transfer of funds to a bank current account.
- In 1983 the Society made funds available to housing associations, particularly for 'starter homes' and purpose-built accommodation for the elderly, and also assisted in the maintenance of the existing housing stock by lending over £50 million for repairs and improvements.
- The Alliance welcomes the final report of the Building Societies Association on new legislation for building societies, it emphasises that societies do not wish to depart from being housing finance and savings institutions and that any additional powers should be incidental to these primary objectives and enhance their achievement.

**Total Assets (in £ million)**

1976	1977	1978	1979	1980	1981	1982	1983
1,271	1,543	1,817	2,091	2,365	2,639	2,913	3,187

**General Reserve (in £ million)**

1976	1977	1978	1979	1980	1981	1982	1983
21.1	28.2	35.3	42.4	49.5	56.6	63.7	70.8

**ALLIANCE BUILDING SOCIETY**

For copies of the Report and Accounts and details of the Society's aims and investments, please contact our Alliance Sales and Agent or Head Office, Alliance House, Home Park, Staines, Greater London TW20 2AZ. Telephone: Staines (0275) 775355.

**WHICH UNIT TRUST SHOULD I BUY NOW?**  
 (and which ones should I sell or avoid?)

Every week, the City pages of major newspapers are crisscrossed with unit trust and other managed fund offers. Each claims to be the best home for your money but they can't all be right, all the time.

Stockmarkets around the world, and the various sectors within these markets, rise and fall at different times in addition, even if you do not get both the market and the sector, you still have to be sure you have the very best trust in that field.

With over 600 unit trusts in existence, and more new trusts being launched every month, choosing the right one for your portfolio has become a very difficult task. Especially as you often get only half the facts on which to base your decision. Here's why:

All unit trust management groups can claim that one of another of their funds is "best" ever some period of time. And, in their attempts to attract investors, managers naturally use those figures that show their funds in the best light.

How do you make sense of these rival claims and select the best funds? Even more important, how do you know which trusts to avoid and when to sell those you have bought before their units start falling heavily?

New, at last, there is a simple solution. Every month The Unit Trust Newsletter gives you all the information you need to choose the best unit trusts for your investments. Information that is hard and in some cases impossible to find elsewhere.

Drawing on an extensive data bank of unit trust prices, daily analysis of world market trends and sector performance studies, The Unit Trust Newsletter brings you comments, recommendations, graphs and statistics that include:

- Updates on market performance—worldwide.
- Buy, Sell and Hold recommendations for each of 11 trust sectors (eg. quality, growth, income, smaller

charts of top trusts in the sector, including each month with comparative performance.

Reports on different managers' views and their investment strategies.

Comment on new trust launches, which ones to buy, and which to avoid.

Unit trust developments, including new tax rules, changes of management, etc.

Current recommended portfolio distributions, including income, growth, income of a combination of both.

Extra guidance on overseas markets and specialised sectors.

And much more.

As you can see, The Unit Trust Newsletter really does offer you a very comprehensive coverage of what can be a highly profitable field of investment. It provides you with the time and contacts to keep in touch with today's fast changing markets.

But you are busy with work and your time is at a premium. You need it hard to find outside the City of London. And you may not have enough personal contacts in the financial world to find out what is really going on.

New, compare your situation with ours. The Unit Trust Newsletter is prepared by professionals. They follow up prices every day. They have the contacts to find out what is going on behind the scenes. And they have ready access to all the information needed to advise you properly.

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The Unit Trust Newsletter is sent monthly to subscribers only, and costs just £38 a year. That's less than 1p a day. So, if you have a spare £38, you can get the Unit Trust Newsletter for a year. All you have to do is complete the form below and return it here today. Do that now, while you think about it and before markets change direction yet again.

See for yourself just how profitable the "professional touch" can be by trying now. The Unit Trust Newsletter for a year. All you have to do is complete the form below and return it here today. Do that now, while you think about it and before markets change direction yet again.

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# YOUR SAVINGS AND INVESTMENTS-3

## PENSION MORTGAGES

### Save and repay

**ERIC SHORT** explains the benefits of repaying your mortgage out of your pension fund.

THE CHANCELLOR'S removal of Life Assurance Premium Relief (LAPR), confirmed in the Finance Bill on Thursday, has increased the attractions of pension mortgages and other pension-related schemes.

As a way of paying off debts, contracts which allow you to build up an investment in a pension fund have always been more tax-efficient than insurance mortgages, even with LAPR. Tax relief on pension contributions is at the individual's top tax rate, whereas LAPR was only one half of basic rate (15 per cent).

In addition, pension contributions are invested in funds that are tax exempt, while life premiums are invested in funds subject to tax. An exempt pension fund under present conditions yields about 4 per cent

more than its corresponding taxed life fund.

However pension mortgages may be used only by the self-employed or by those not in company schemes.

Insurance salesmen are now highlighting the pension mortgage method of repayment as an alternative to the low-cost endowment mortgage, which has suffered from the loss of LAPR.

With pension mortgages, the borrower pays interest only at the end of the term in a lump sum from the investment proceeds.

Under a Personal Pension Plan, the policyholder at the time of drawing his pension has the option of taking part of that pension in the form of a tax-free lump sum. The rules are complex, but the policyholder can take about one-quarter of his pension in this form.

The borrower has to take out a sufficiently large pension

policy so that the anticipated lump-sum, on conservative assumptions, will be enough to repay the mortgage.

A PPP does not provide life cover. If the investor dies before his retirement, his estate receives the existing value of the policy. Under a pension mortgage scheme, the building societies usually insist on some form of term policy to cover the mortgage.

Again this can be arranged on favourable terms. In some circumstances, term assurance premiums can also be eligible for tax relief at the investor's top rate.

The table shows a comparison between the three basic methods of repaying a mortgage—the level net repayment method, the low cost method and the pension mortgage method.

In general a basic rate taxpayer will find the pension mortgage more expensive to service. But he should remember that only one-quarter of his pension contribution is going towards the lump sum. The remaining three-quarters provides a pension for him. There is no way of separating the two components of the premium. But in value-for-money terms, the benefits at the end of the mortgage point strongly in favour of the pension mortgage.

The higher the borrower's tax bracket, the more advantageous is the pension mortgage method. Not only does it give better value for money overall, the net cost of servicing is lower than the other methods.

Personal pension policies are available not only to the self-employed, but to any employee who is out to a company pen-

sion scheme. And there are 8m such employees according to the Government Actuary.

Two drawbacks of a pension considered, however.

First, pension and life assurance payments have to be made gross and the policyholder has his ultimate tax bills adjusted. So there is a delay between payment and tax reclaimed.

The self-employed are used to dealing with the Revenue under Schedule D. An employed person under Schedule E might find it confusing to reclaim tax on a PPP contribution.

Second, there are problems if the borrower changes his employment status so that he is no longer eligible for PPPs.

The mortgage has to be refinanced, though most building societies would offer help to borrowers in such a situation.

MORTGAGE REPAYMENT—COMPARISON OF COSTS AND BENEFITS  
Self-employed man aged 39 with a £30,000 mortgage repayable over 25 years

Repayment method with life cover int at 10 1/2%	Low Cost Mortgage int at 10 1/2%	Personal Pension Mortgage (a) int at 10 1/2%
1 Basic rate tax Monthly int/repayment Life cover (b) £ 218.10 8.05	Interest End. premium £ 188.12 51.67	Interest Pension contr. Life cover (b) £ 188.12 48.07 7.74
Net monthly cost 226.15	239.79	243.93
2 Paying 50% tax Monthly int/repayment Life cover (b) £ 184.20 8.05	Interest End. premium £ 134.38 51.67	Interest Pension contr. Life cover (b) £ 134.38 34.33 5.53
Net monthly cost 192.25	186.05	174.24
Benefits after 25 years after repaying mortgage Lump sum (tax free) nil	78,760	19,163
Pension (taxed as earned) nil	nil	16,881

(a) Figures quoted net of tax. Pension contributions and life premiums under personal pension policies are paid gross and tax is reclaimed.  
(b) On current bonus and annuity rates, including terminal bonus.

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Offer Closes 31st March 1984

Signing Instructions  
If the Certificate is to be issued in joint names please tick one box below specifying the instructions Choulartons should follow:  
First named person below  Any of us  Both of us   
Forename(s) and Surname of holder (each holder if jointly)

Mr/Mrs/Miss \_\_\_\_\_  
Signature \_\_\_\_\_  
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## Unleashing the lawyers

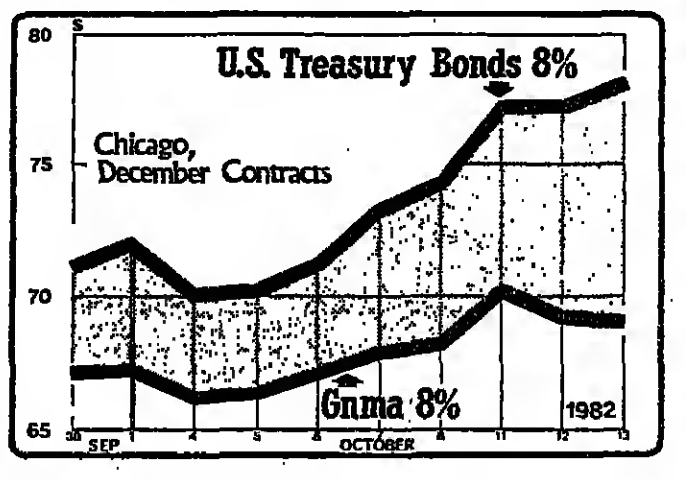
**CLIVE WOLMAN** on how some investors reacted when a fund manager lost their money

INVESTORS who have lost large amounts of money which they put into managed commodity or futures funds should be interested in a case being brought by a group of UK investors against a U.S. brokerage house, Bache Halsey Stuart Shields which is owned by Prudential-Bache Securities.

The investors' committee announced this week that the claim for damages covering \$7m losses and \$200m punitive damages would be heard by a New York court in the next four to five months. The investors met with their lawyers, Edward Swann, a U.S. commodities specialist, who is fighting their case on a "contingency" basis so that if they lose, he will charge no fees.

The 90 or so investors, who have lost an average of \$77,000, each claim that they were the victims of misleading and pressurised sales techniques. They put their money in 1981-82, into a Bache fund which aimed to exploit the fluctuating gap between the yields on U.S. Treasury bonds and U.S. Government National Mortgage Association debt.

The scheme was sold, they



claim, as a conservative low-risk investment. A Bache London executive, Marc Lampbell, told the Financial Times in August 1982: "In six months there are no excuses why we should not make 50 per cent—at an annual rate. As long as there is movement this idea works."

Investors were required to sign a form saying they appreciated the risks involved in dealing in financial futures contracts. But Lampbell, in a Bache leaflet appeared to assert that the downside was limited. "The amount by which the yields can diverge is, of course, limited," he wrote.

In October 1982, the gap between the yields widened to what Bache considered to be the maximum. The investment house committed more and more money to back its view that the gap would narrow again. In fact, the yield gap broke out of its previous range and continued to widen (see graph). Many UK investors lost all their money.

The underlying reason for this diverse movement was that, because of a general fall in interest rates, many householders decided to redeem their mortgages which were fixed at high interest rates.

The Bache investors claim that Bache's investment team did not appreciate the importance of this risk as they should have done, nor did they draw it to the attention of investors.

This sort of complaint, of negligent investment management and misleading marketing and salesmanship, could probably be made by many of the UK investors who have lost money to commodity brokers and offshore insurance companies over the last three years. But in most cases no successful legal action has been pursued.

The Bache investors had the possibility of suing Bache in the English rather than U.S. courts. But they decided to cross the Atlantic because the U.S. legal system gives them several advantages:

- The "contingency" system, although unworkable in many complex corporate legal battles, has particular advantages in a case where individuals may have already lost most of their savings and be unable to risk any more.
- The fact that Bache clients signed a risk disclosure form carries less weight as a defence in U.S. law and in U.S. courts than it does in the UK.
- The investment company or broker in the U.S. has a positive legal duty to reveal all areas of material risk, unlike his UK counterpart.

Nevertheless, English law in theory affords a wide range of protection to clients of investment managers or brokers. Such professionals can be sued if they fail "to exercise the standard of skill of a reasonably competent and careful manager/broker who specialises in the area."

But very rarely does the Englishman seek to enforce his legal rights. Often this is because UK brokers and investment houses are tiny in comparison with their U.S. counterparts and could easily become insolvent, if they lost a major

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Year of Capital Repayment	Monthly Income	Quarterly Income	Half Yearly Income
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Stock B (1991)	£78.10	£231.84	£478.13
Stock C (1997)	£76.45	£229.35	£472.33

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Income: Monthly  Quarterly  Half-Yearly  Annually

Amount available for investment £ \_\_\_\_\_

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All you have to do is give up cigarettes. You might even be saving something more important than money—yourself.

A young man who smokes twenty a day is 41 times more likely to die of smoking than in a road accident.\*

So if you want another reason to give up, we've got one. Much as your children would like a new bike, they'd love an old Dad even more.

\*Health or Smoking, Royal College of Physicians 1983. In our advertisement on March 14th, we inadvertently stated that tobacco kills 40 times as many people as road accidents; we should have said smokers not people. The fact is, road accidents in the U.K. kill about 6,000 people a year, while tobacco kills about 100,000.



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# PROPERTY

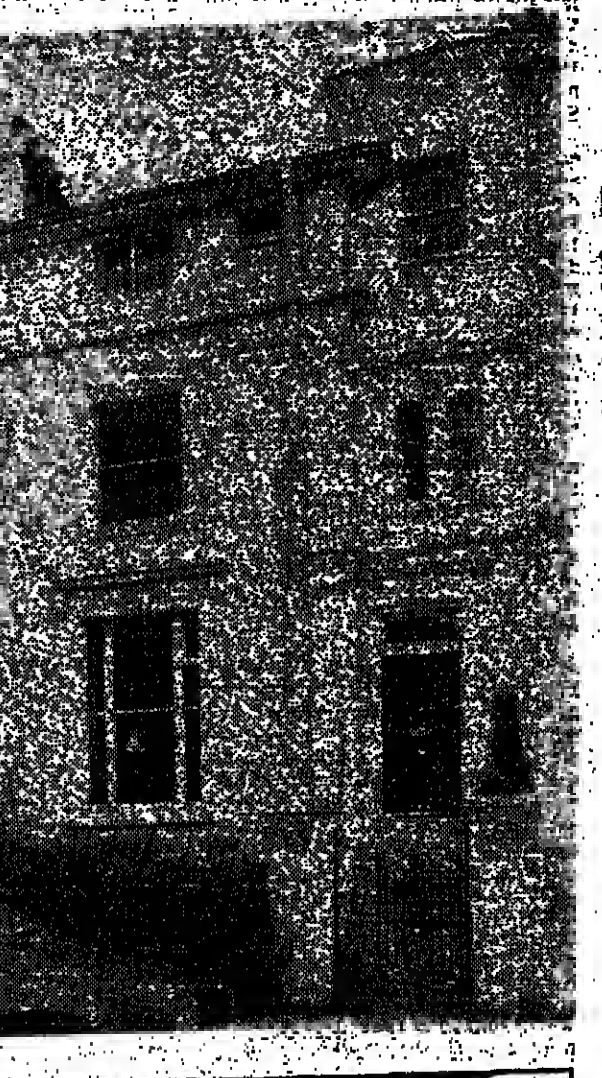
## Handsome Kensington

BY JUNE FIELD

THE TWO just restored handsome Victorian houses on the corner of Cornwall Gardens and Launceston Place, Kensington, combine the appeal of town and country in central London. Through the tall elegant windows at the front one can view the trees and lawns of the reposeful gardens in the square, while from the back terraces I could see a panorama of London's roofs and spires, plus the little round tower of Lord Snowdon's white stucco Regency villa in Launceston Place. Once called Sussex Place, Launceston Place was developed between 1837 and 1943 by John Inderwick, a Soho ivory dealer, as part of Kensington New Town. (It was bought from Lord Kensington as a single field of pasture). Most of Cornwall Gardens was developed between 1861 and 1868 by the Broadwood family of musical instrument fame. Whereas Launceston Place, with its manageable sized villas, remains mainly in single family occupation, Cornwall Gardens, its vast majestic facades still following the pattern of Georgian buildings, is now, of necessity, mostly in multi-occupation. The adjoining 15 and 16 Cornwall Gardens, SW7 (round the corner Launceston Place is actually W8), was 21 "short-stay" flats in a run-down condition. Richard Collins of the recently formed Fremantle Properties, bought them about a year ago for around £450,000, and has spent as much again to provide 18 quality pied-a-terre apartments. He has had his architects Peter Wood and Partners re-introduce much worthwhile Victorian detail, such as pilasters, panelling, cornice and coving. Inevitably, as the apartments are not purpose-built, they suffer from the occasional conversion idiosyncrasy, such as too much space in a hall, not enough in more vital areas. But any awkwardness is countered by the stylishness of the adaptation of the rooms. The principal two-bedroom, two-bathroom show apartment has magnificent swagged cream silk curtains, bedspreads made from silk shirt material, and is furnished with antique furniture that can be bought by arrangement. Some of the pretty wallpapers are reproduced from 18th century blocks, kitchen tiles are French or Italian; the latest equipment and carpet are included in prices which range from £22,500 for a compact one-bedroom flat to £100,000 for a two-bedroom fourth-floor penthouse, all on 125-year leases. The one-bedroom garden flat, with its trellised patio and separate entrance, around £60,000, has attracted a great deal of interest, and overall the response has been tremendous, says Collins. "So far seven flats have been sold, and a half a dozen are under offer, mainly to com-

panies wanting central accommodation for executives, newly-weds, and bachelor business people." Brochure from Richard Collins, Fremantle Properties, 47b Prince's Gardens, London, SW7, or at the show apartments, open 10-7, seven days a week. That part of London is a desirable area within walking distance of shops, restaurants and museums. In Victoria Grove at the end of Launceston Place, you can eat Italian at Casa Perelli, buy a gift at Frog Hollow, or have a painting framed at the picture gallery, Gloucester Road is nearby. Named for the Duchess of Gloucester, wife of the younger brother of George III, the Gloucester Arms pub and the underground station. Or across Queen's Gate one has the Imperial College of Science, the Natural History Museum, the Victoria and Albert Museum, and the new Small Centre, while Cromwell Road provides access out to the M4. One used to be able to refer to the convenience of the West London Air Terminal, but it is now no more. However, its absence is amply compensated for in the mammoth Sainsbury's where you can park outside, the door. Individual houses in the area fetch good prices. In Douro Place, W8 where artist Samuel Palmer lived from 1831 to 61, a house and cottage sold recently through Robin Langton of Aylesford's Kensington High Street office at £310,000 for the five bedroom house, and £125,000 for the two-bedroom studio cottage at the rear. In Victoria Road, where in 1855 the Eagle "First Ariel Ship" was to have sailed to Paris in six hours (it never got off the ground), Lord Glenconner's house sold through the same agent for near the asking price of £730,000 for the freehold. It was bought by a Swedish businessman who already has a house in the same street, but wants more accommodation. Another house in Victoria Road came on the market this week, the home of John Miller, businessman and artist. He is going to live in Sussex and paint full-time. Main features of the handsome looking Victorian four-bedroom, three-bathroom house are the large studio at the top, the pretty garden with tulips, lilac and a mountain ash, of the family room below. The price is in the region of £600,000 for the freehold. Brochure from Richard Hanlon, Cluttons, 127 Fulham Road, SW3.

1840's house in Phillimore Gardens, W.8, with 7 bedrooms, 3 bathrooms and a well-contained flat, has lavish decor by Ann Sheffield and Joy Arden. Price £925,000 for a 51-year lease through Robin Langton, Aylesford, 103 Kensington Church Street, London, W.8 (01-727 6663).



## How to restore and improve

FOR THOSE who want to do up or convert a Victorian home, Alan Johnson's *How to Restore and Improve Your Victorian House* is an invaluable spotter's guide to potential problems (£12.50 from David and Charles, Brunel House, Newton Abbot, Devon). Mr Johnson, an associate of London architects Casson Condon Partnership responsible for the Small Centre, has concentrated on explaining the anatomy of homes of the period rather than giving case histories. But as he points out, Victorian houses displayed a great diversity of internal layouts and architectural styles. So first identify your type. There is the terraced town mansion which could contain 20 rooms on six storeys, with only two rooms on each floor and ancillary spaces in a rear extension; Gothic villas with "a claustrophobic cramming of multitudes of overly ornate, mass-produced furnishings and fittings and the era of overstuffed furniture, the heavy hangings and the ported aspidochasms"; and the lobster-red or yellow brick villas, large and small. Warnings are given on unsympathetic alterations: ● Don't add a canopy or porch on the front of a small house which will destroy the unity of the terrace. ● Don't fit aluminium replacement windows—their silvery metal frames contrast badly with period elevations. White enamel painted frames are more in keeping. ● Don't knock through rooms to create an amorphous, irregularly shaped room which is completely out of sympathy with the cellular spaces of the rest of the house. Preferable are panelled folding doors to a less-than-full-width opening which links both rooms in character. To encourage Victorian enthusiasts, the magazine *Period Home* is concentrating on more mid to late 19th century property and furnishings. The revamped publication is now produced monthly, and costs £1 an issue on the bookstalls, or £18 for 12 issues including postage, £22 overseas, from John Tiley, *Period Home*, Drury Lane, Hastings, East Sussex. Afficionados should also join the Victorian Society, 1 Priory Gardens, London. Send stamped addressed envelope for details.

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This villa is situated as former villa Les Tableaux on the plateau of the mountain, with the same marvellous views of the Var. This property, with 2 hectares of land, with trees, lies adjacent to the first one. It was finished last year. Swimming pool 8 x 6 metres and shower; hot and cold water and electricity. Fully-equipped kitchen near the living room and the partially shaded terrace and barbecue, also french windows on to the terrace. Price £145,000 sterling only.

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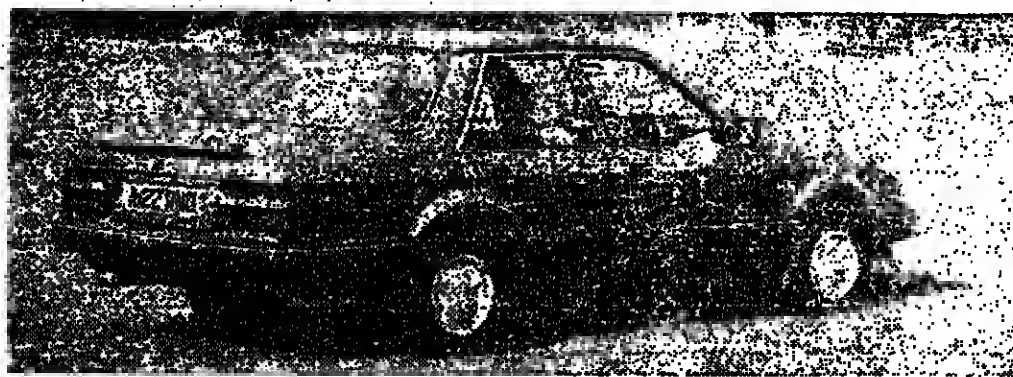
Better, smaller, cheaper diesels

BY STUART MARSHALL

IF ANYTHING can make the diesel car as popular as it deserves to be in Britain, it is Ford's decision to get in on the act...

Table comparing engine capacity, output, torque, fuel consumption, and price for Ford Orion LD, VW Golf CLD, Peugeot 205GRD, Renault 9TD, and Vauxhall Astra LD.

\* Estimated prices; cars not yet on market in Britain. † Same engine in Fiesta returns 56.5 mpg (urban), 74.3 mpg (SS night) and 50.4 mpg (175 mph).



The Ford Orion LD

Ford decided to start from scratch rather than de-turbinise a petrol engine. Peugeot and Renault have done the same.

In the past, dieselised petrol engines often felt livelier and smoother than purpose designed diesels of an earlier generation.

Driving with economy in mind and keeping below 60 mph I achieved an electronically measured 62 mpg in the Orion.

He hung on to fifth when the engine pleaded for third and knocked it out of gear on down-grades.

Last year, 24,602 diesel cars were sold in Britain to take 1.37 per cent of the market.

mainland European standards, that is a feat. The Germans and Italians buy about 300,000 diesels each year.

In Britain, anyone paid mileage (commonly 20 to 25 pence per mile for a small car) would find a diesel a money-spinning proposition.

There are some sacrifices to be made in going diesel. All of them spring to life noisily in the morning but within a couple of minutes the clutter has turned into a matter when

At normal speeds, it is difficult, even impossible, to tell they are diesels. Performance is lower than that of a petrol engine of identical capacity but the 1.7 litre Peugeot 205, for example, has the same performance as the 1.3 litre petrol model.

Currently, diesel fuel hears 12.27p less Excise Duty than petrol 16.53p against 78.01p per gallon and, petrol price war notwithstanding, is normally at least 10p cheaper than 4-star at the pump.

The disadvantages of going diesel (you get dirty hands at the self-service pump) are in my experience much exaggerated and the financial benefits unappreciated, especially by those who would stand to benefit most.

A government that wanted to save more oil would abolish the 930 Vehicle Excise Duty and replace it with high fuel duty. Readers frequently write to me urging that this should be done.

And this, it feels, would go up as fast as Vehicle Excise Duty has done—from 250 to 590 in only five years, an 80 per cent increase when retail prices went up by only 55 per cent.

The disadvantages of going diesel (you get dirty hands at the self-service pump) are in my experience much exaggerated and the financial benefits unappreciated, especially by those who would stand to benefit most.

TRAVEL

The horse should stay underneath

BY ARTHUR SANDLES

"GOOD GRIEF, man," she cried. "You look like a sack of potatoes."

The occasion was the small test which many riding establishments give newcomers, and particularly those who are about to venture on the full blown riding holidays.

But if any holiday needs careful thought and research then it is riding. Even skiing, which is probably its nearest sporting kin, allows participants to creep away to easier, or more challenging, slopes without anyone really noticing.

Riding holidays break into a series of fairly obvious sections. At its simplest, a riding trip means staying at a country hotel and taking the occasional gentle hack as the mood grips you.

Trail riding usually demands a somewhat higher standard. certainly the ability to control a horse at all paces and possibly evidence of regular riding. Both trekking and trail riding holidays involve either different daily rides, usually in two, two-hour segments or the coverage of a course with perhaps different accommodation each night.

Choosing the right location is a problem, and not only for the holidaymaker. Even the riding centres worry about being too demanding about information and putting people off, or appearing breezy and thus risking misfits.

the holidaymaker. Even the riding centres worry about being too demanding about information and putting people off, or appearing breezy and thus risking misfits.

People are not expected to be jumping five bar gates, but they must be able to control a horse... a well mannered horse that is," says Mrs Tough.

More and more centres like that run by the Toughs send out questionnaires in answer to hooking requests. Cox and Kings, a company which offers a wide range of overseas riding holidays, certainly does so and then tries to steer customers to the right sort of location.

Islands. Avis is not promising a car at short notice on busy weekdays, but it will put you at the top of the list if none are available.

Nearer home another car rental company, Swan National, has greatly expanded its weekend short holiday programme.

For a basic fee you get a Swan National Car from 9 a.m. Friday until pre-10 a.m. on Monday and two nights in an hotel, including cooked breakfasts.

Equestrian Centre, which is set in rolling Wiltshire countryside at Corton just outside Wexminster, also reckons that a well prepared booking form avoids mistakes.

The Beech Centre charges £150 for a week fully inclusive (breakfast, ploughman's lunch, tea and supper as well as accommodation).

To pick a riding holiday it is worth setting several brochures. Be attracted to those which talk most about the quality of the horses rather than the abilities of establishments in January.

tions you are asked only yourself the better the place likely to be. However, many riding holidaymakers wail relax and there are some establishments which regard the word as an anathema.

Some places have their accommodation but many visitors in local hotels at guest houses. Most also have lots of nice golf courses around here, say the Toughs.

Further information: Gary Treh and Riding Holidays (30p plus postage addressed envelope) from the British Horse Society, National Equestrian Centre, Signal Hill, Warwick: CV8 2LR. In full list of approved establishments is also available for the BHS for £2.95.

A cheque on car rental

SHED A tear if you can for the big car rental companies. The por things are worried that, having won the lion's share of our business all through the year, we don't patronise them enough when we go on holiday to the sunshine countries of the Mediterranean.

Now Avis has tried to move in this lucrative local traffic with Driveaway Cheques in a bid to cheapen, and simplify, holiday rental. A basic cheque gets a day's rental, unlimited mileage, full insurance and collision damage waiver included.

Islands. Avis is not promising a car at short notice on busy weekdays, but it will put you at the top of the list if none are available.

Nearer home another car rental company, Swan National, has greatly expanded its weekend short holiday programme.

hotel. Use of a larger car Cavalier instead of a Nova (example) involves a £10 premium on the total price.

Weekends are one of the most popular of English escapes and the early Spa rush of summer short holidays is now in full flight. Lastest to arrive is Cap Breaks 111 Thurloe Pl, London SW7 (2RS) which features nine London hotels such as the Rembrandt, Rubens and the Washigto.

Holidays and Travel

Advertisement for holidays and travel services including Overseas, U.K. Hotels, Flights, and various holiday packages like Kent Family Hotel, Castle of Cornfort, and Dales National Park.

Large advertisement for Unit Trust Year Book 1984, featuring individual trust profiles, management groups, and expert articles. Includes an order form and contact information.

Advertisement for GADEK (Malaysia) BERHAD, including company notices, classified rates for motor cars, and contact details for Ladang Perak.



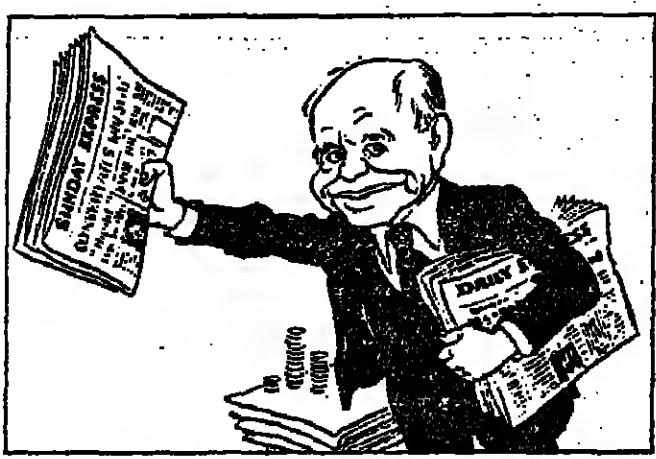
BOOKS

Polit-Hacks BY DAVID SPANIER

Rise and Fall of the Time Press in Britain, Volume 2: The Twentieth Century by Stephen Koss, Hamish Iltis, £25, 718 pages

It is serious, political analysis as varied across "left" and "right" as to give any independent reader as much difficulty in deciding how he should vote...

Professor Koss's view is that the political press has declined. "In the nineteenth century, there was a multiplicity of newspapers, serving a diversity of political functions..."



Lord Beaverbrook, portrayed by the cartoonist Michael Cummings

to inform opinion, in exposing (plus radio and television) politicians to public view, and in arguing the toss? The reality, surely, is that the influence of the Press works in different ways, reflecting the more open society in which we live.

A newspaper will be a Radical agent, whatever may be the opinions expressed in the leading articles. This interpretation, advanced in 1904 by the editor of Truth, in the context of "bias" in the Press towards protectionism...

NHS strain and stress

BY DAVID HOWELL

National Health by John Vaisey, Martin Robertson, £15, 142 pages

The National Health Service, and what should now be done with it, has become in many ways the test issue of the present government's character and purpose. Can it be reshaped so as to meet efficiently the radically changing, increasingly diverse requirements for health services in a modern society...

will be spending far more on treating successfully the "killers" like cancer and cardiac illness. The doctors at the primary care end will be facing an explosion in demand for the new drugs and therapies which the second pharmaceutical revolution is making available...

current and capital, through a mixture of payments per item of service (based on standard costing) and per capita. The huge administrative superstructure would thus be reduced.

Taute couturier courtier and his court BY MARK BOXER

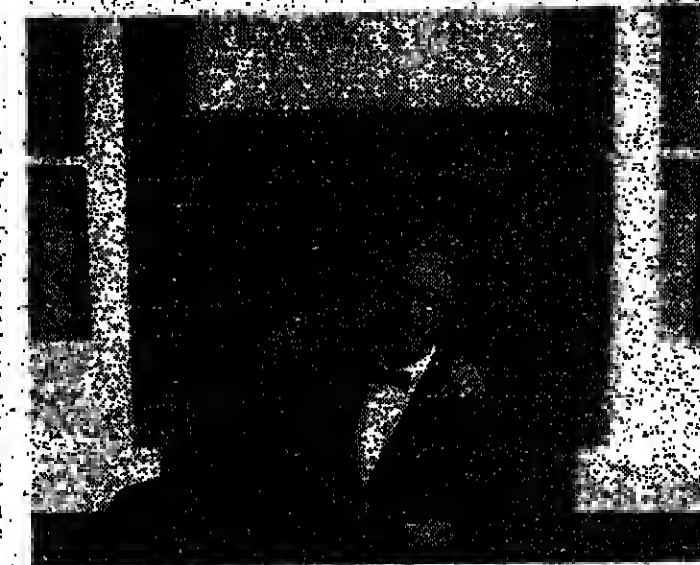
Here is a brisk walk-out autobiography by Hardy Amies, £10.95, illustrated, 195 pages

"Moi." Describing his fine figure he writes: "I am grateful for the way my head is placed upon my shoulders. I also have a torso which is over an inch longer than normal. This is good for wearing jackets."

Both books start with the same sentence: "I was born in Maida Vale, London, in 1909." The first version goes on: "So I can claim to be a cockney. My grandfather made dandy-rolls."

Norman Hartnell would have had difficulty selling a pair of socks to a naked Eskimo. Hardy Amies has even designed army uniforms for the South Africans. He managed to make the quantum leap from being a woman's couturier to selling men's suits for Hepworths...

As a little still here must rate high on a Richter scale of embarrassment. It also poses the question "Where?" The answer is that as a label he sells suits, ties, overalls around the world, like Cardin and other French houses—the only Englishman to have managed this particular slippery slope.



Hardy Amies outside his Savile Row shopfront, in a photograph by Norman Parkinson

Set text in fun

BY NICHOLAS BEST

Notice on opening night; opposite the beautiful black singing star of the little. From there Burgess is no great leap of the imagination to the 20th century, where a scientist in a time machine is travelling back to 1585 in final suit just who did write all those A-level set texts.

The 2000 Mrs Schoenbunt is a glossy American lady of a kind much revered by English novelists. She surfaces again, in the highly laquered shape of Shirlee Shapiro, who has a walk-out part in Dirk Bogarde's West of Sunset, as the wife of a movie mogul who has never heard of Graham Greene.

Touchstones: Letters between two women 1953-1964 by Patricia Frazer Lamb and Kathryn Joyce Hohlweo, Julia MacRae Joyce, £9.95, 330 pages

Pre-feminist friends in correspondence

BY MARY ANN SIEGHART

at the University of Utah in the early 1950s, their marriages and jobs take them to different parts of the world: Joyce to France, Beirut, Germany, Scotland, and finally the American Mid-West. Pat shuttling between England and Africa. Joyce marries Jürgen, a penniless, somewhat tyrannical German artist—more exciting, maybe, than the men she came across in America, but extraordinarily difficult to live with.

Each would like a career of her own—preferably writing—but in the spirit of the time, each feels a duty to be a good wife and mother instead. As Pat (later an ardent member of the women's movement) writes:

"What I have to keep asking myself, do I consider the most important thing in my life? And in the end, it always comes back to the good and sophisticated search of finding oneself. All right, then how best to do that? Before you can ever begin, you must realise that you have chosen someone for life to help you, and you to help him, in what ways you each choose to help and be helped."

Touchstones is a moving correspondence, drawing the reader into the characters and emotional lives of two women. But it is also a fascinating chronicle of its time. The friends exchange notes on new books they have read and films they have seen and their reactions to current affairs as they happen.

"You spent so much of that decade working and being ill and moving about in perpetual poverty. I spent it knitting and having babies and organising Red Cross fetes and studiously practising airs and graces for people who bored me to distraction and whom I despised anyhow. What on earth was going on in my head? I feel like a medieval astrologer, confronted with the irrefutable truth that Galileo was right."

Similar journeys, different England

BY ALAN FORREST

English Journey by Beryl Bainbridge, RBC Publications/Duckworth, £7.95, 158 pages

paper edition of the Oxford Book of English Prose. No doubt Ms Bainbridge had other aids besides the TV crew (there to film a series on the journey), but they are both records of two different Englands, coming together surprisingly at times.

post-war planners, mourning the passing of the old buildings. She establishes, firmly, that we haven't got the new Jerusalem in our cities that Priestley wanted; but England still emerges as a fascinating, exotic and unpredictable place.

agreed that England isn't the place it could be. Ms Bainbridge takes a rueful look at her own city, Liverpool—at its loss of business, beauty and soul. "If I were a politician I could blame the Conservatives for greed; the Liberals for lack of confidence, the Socialists for naivety and jumping on the bandwagon of progress. But it hardly matters now. It's too late. Someone's murdered Liverpool and got away with it."

Why is it that British, French and American intellectuals have become fascinated with the life and arts of the post 1918 Weimar Republic in Germany which left their fathers cold? A look at Mr Willett's new book—above all, at its stream of illustrations—immediately suggests the answer: Weimar and its aftermath anticipated and caricatured much of our own age.

The similarities, often merely superficial, can occasionally become outright troubling. You will find that the eye level grill is not an achievement of our times. Walter Gropius, head of the Bauhaus, had one in the kitchen of his own house. The Germans of the 1920s already had a "dashing reporter" whose name became a household word (though he worked only for a printed medium, not for TV). The pompous doffiness of a woman's wish for the "sanctification of her body without recourse to men" is culled from a German text of more than 50 years ago.

There are other, unforgettable reminders that the age itself was diseased—hardly surprising after the destructive influences of war and inflation. Look at Mr Willett's picture of bare-chested gymnasts—on parade to celebrate the Weimar constitution. Regimented, despised by the bourgeoisie, the young men, well-muscled and handsome, from their democratic opponents in many a street brawl. Perhaps we are lucky that the breakdown of German values and institutions has given our society, not without a struggle, but nothing worse than the other nations.

Three times round the sun. Large-scale precision in a world of chaos. The price of tea. As a widely used dinner party conversation piece, it turned out to be a success. The price of tea. As a widely used dinner party conversation piece, it turned out to be a success.

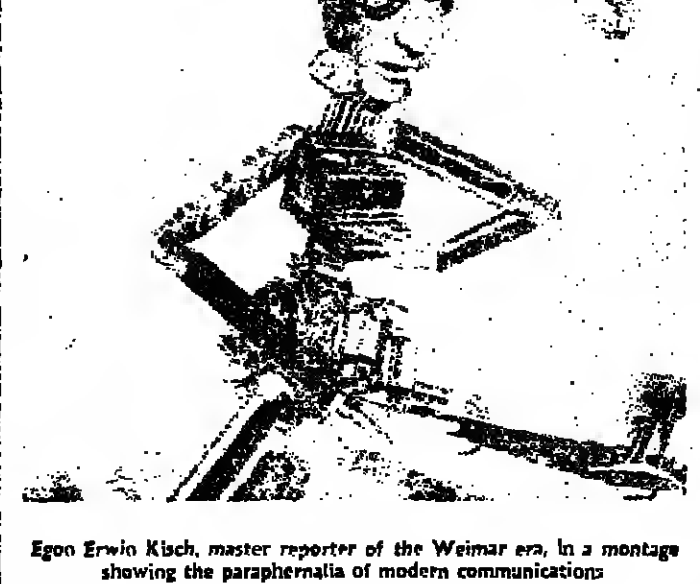
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Tidy crimes

BY WILLIAM WEAVER

The Untung Man by Alan Hunter, Constable, £6.50, 173 pages

Natural Causes by Jonathan Valin, Collins, £6.95, 238 pages



Egon Erwin Kisch, master reporter of the Weimar era, in a montage showing the paraphernalia of modern communications

Pre-Nazi picture

BY W. L. LUETKENS

The Weimar Years: A Culture Cut Short by John Willett, Thames and Hudson, £12.50, 160 pages

so many photographs may help to "relieve the monotony" of black-and-white, but by blurring outlines it also detracts from the value of these pictures as an historic record. Still, this photomontage with its accompanying informative text provides a helpful insight into an exhilarating, maddening and finally, terrible age.

There are other, unforgettable reminders that the age itself was diseased—hardly surprising after the destructive influences of war and inflation. Look at Mr Willett's picture of bare-chested gymnasts—on parade to celebrate the Weimar constitution. Regimented, despised by the bourgeoisie, the young men, well-muscled and handsome, from their democratic opponents in many a street brawl. Perhaps we are lucky that the breakdown of German values and institutions has given our society, not without a struggle, but nothing worse than the other nations.

Advertisement for 'See' magazine, 'Chess' magazine, and other publications. Includes text like 'Three times round the sun', 'Large-scale precision in a world of chaos', and 'The price of tea'.



# HOW TO SPEND IT

## Seeking advice on key decisions



Pauline Rosenthal

WHEN it comes to buying a second-hand piano it must rank as second only to buying a second-hand car as a high-risk activity quite unsuitable in City parlance, for widows and orphans. Whereas the Automobile Association and your local friendly garage (if you've ever managed in finding a car that's less than new, there seem to be no reliable ways of making sure you're not buying the proverbial pig in a poke when you part with your hard-earned savings for a second-hand piano.

Ronnie Falk, a music business consultant, found that so many people sought his advice when anxious to buy that he decided to launch himself into the advisory business in a fully professional way. The Piano Advice and Inspection Service (PAIS), he calls his service officially, and he's to be found at 22 Crediton Hill, London, NW8 1HP (Tel 01-794 7322).

Nobody knows how many pianos there actually are in Britain but an educated guess puts it at around two million. Seventy five per cent of them are rarely played, many of them were made in the 1920s and 1930s—when the popularity of the piano was at its height—and many are frequently bought and resold.

Ronnie Falk says that one of the most common misconceptions is that pianos improve with age. "A few very good pianos do mellow," he says, "but

the average piano has a natural life-span and all pianos are susceptible to damp, changes in temperature and don't like not being played."

There are 5,000 to 8,000 pianos in a piano which can go wrong. Damp can swell the felt causing the notes to stick and age can soften the plank so the pins are no longer held securely and the piano loses its pitch. In rare cases the iron frame which holds the piano together can crack—there are about 20 tons of pressure on the frame—and occasionally a cracked frame can cause the piano to explode. The most common problem, however, is poor or sluggish action.

Given that a second-hand piano in good condition will cost anything from £500 to several thousand pounds, the £35 fee that Ronnie Falk charges to anyone living within a 10-mile radius of central London seems little enough to pay to ensure that you are making a sound purchase. Don't try and buy a piano for too low a price, warns Falk.

"People think they can buy a piano for £200-£300 out, for instance, an upright piano made between 1925 and 1955 which has been re-conditioned would probably cost between £500 and £1,000 — if you pay less you should be very careful that there is no trouble in store."

Though the £35 covers the 10-mile radius from central London, Ronnie Falk will travel much longer distances but naturally has then to charge on a time basis. He likes to discuss the proposed visit on the phone first and if he establishes that it is worth a visit he will then inspect the piano in a thorough way. He checks to see if it is structurally and technically sound, assesses the condition of the action, estimates the piano's current value and its suitability for the purchaser.

If any work needs to be done he estimates how much it will cost. If work has already been done (say, by a dealer) he will assess how well it has been

done and if anything has been overlooked. He then gives you a written report of all he has found.

As to his credentials for such a serious matter—the piano has been his major hobby all his life and though much of his working career has been spent in a large public engineering company, he spent four years as divisional manager of keyboards instruments for Chappells. At the time Chappells had a piano re-conditioning workshop and sold a wide variety of makes.

Nowadays he is a music business consultant to Squire of Ealing, a West London music store, but he runs PAIS as a separate venture. He has wide experience with almost all known makes of piano.

He is happy to advise private clients who have found a piano but aren't sure if it is a sensible buy or if they are paying a fair price for it, as well as bigger organisations like schools and hotels.

PETA LEVI



## Getting to grips



Ann Morrow

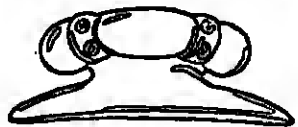
SCHUMI has always been one of the best places to find unusual hair ornaments. A few months ago the fashionable hair-slide was bedecked with flowers



or plenty of glitter, today it is the bulldog clip that is found upon the most up-to-date heads.

The clip sketched below is probably most suitable for day-wear while the one in the middle, trimmed with glitter, is ideal for evening.

Both are £3.50 each and can be bought from any of the Schumi hair salons or by mail order from the branch at 16 Pont Street.



Less chic but more robust are the bulldog clips from the Body Shop sketched top, 75p each. Buy it by mail for an extra 20p from the Body Shop at 22, Cheapside, London EC2.



## Crunch Time

MARKS & SPENCER, as far as I'm concerned, is one of those maddening stores that is full of bargains that other people seem to find. Whenever I happen to wander into always seems full of totally resistible garments (I except from this the food, the underwear and some of the menswear). I think it's something to do with timing—you need to be one of those natural sleuths, keeping regular tabs on the hangers known to specialise in trying out the more exclusive lines, to come up with those amazing "6nds" that make you look as if you're a more regular visitor to South Molton Street boutiques.

These branches feature on Marks & Spencer Press releases as "selected stores" and M & S itself is maddeningly evasive about which exactly they are. They seem to cover stores like the Marble Arch branch and Oxford Circus ones in London as well as other main city branches and currently going into them is a marvellous collection of crunched knits. Let me warn you to be quick off the mark, because the other hallmark of these more exclusive lines is that they go fast.

These crunchy knits I feel fairly confident will not be there long. Not made entirely from natural fibres, many of them do feature quite high percentages of cotton and linen, as well the acrylics that give them the famous M & S brownie points for practicality. Nonetheless the overall look, particularly in the neutrally coloured garments, is very much that of the hand-knit, natural look.

Photographed here, largely for its photogenic properties, is one of the new cardigans with a distinctly nautical air. To highlight red and white it is made from 88 per cent acrylic and 12 per cent cotton and though exceedingly attractive is perhaps the least natural looking of the collection. It is £14.99 from the said "selected stores".

Much more natural looking is the linen-to-cardigan that comes in just beige or grey and is made from 60 per cent acrylic, 30 per cent cotton and 10 per cent linen. At £16.99, it seems to me one of the buys of the summer.

Look out, too, for the linen-look with (56 per cent acrylic, 44 per cent cotton) with the V-neck that comes in just a plain natural. At just £10.99 it is that rare thing—a bargain!

## Messages on Tape

FROM California (where else?) comes the idea of ribbon with a message. In 14 different colours (pale, strong or exciting) of ribbon anybody who fancies giving presents all wrapped up with their own personalised ribbon may buy it, to special order by the three metres. Those of a sentimental turn of mind may like to say "things like 'with love'" others simply like to say who it is from, while yet others use it commemoratively and have the date of a special

birthday party or anniversary at which presents are exchanged printed on the ribbon.

Though the fabric itself comes in 14 different shades, there is a choice of three type faces for the written message and gold, silver, white or blue print for the letters. Chic combinations like navy and cream or pretty ones like pale blue on pale pink are all possible.

Though the idea originated in California, Ann Benson who has started a company to

promulgate the idea, has found a mill in Derby which will deal with all the individual orders.

Prices are very reasonable, working out at £5+25p p & p for 1 inch width size per three metres, which is the minimum order. A better buy is 15 metres at £7 (25 p & p). 1 inch width ribbon is £1 extra on each order.

To place your order write to At Home, 23 Southway, London NW11 6RU or telephone 01-455 9303.

## Night Shades

Now that the clocks have moved forward and long summer days lie ahead it is worth knowing that Faber has produced a range of dim-out blinds which, it claims, cuts out light almost totally. Anybody who has ever tried to sleep in a bedroom that faces due east, or put children to bed in the summer in one that faces due west will know just how disturbing even our Northern sunshine can be.

The Faber blind is suitably sober so that it would fit into a wide variety of colour

schemes—a cream background with a border of fine berringtons in blue, tan and brown. Blinds from 100 per cent cotton with a laminated backing, they can be ordered from any of the large numbers of department stores and decorating shops that stock Faber blinds. Made to measure, a sample price is £33.50 for a 3 ft 4 ins by 4 ft blind. A Rollacord fitting, which allows the blind to be pulled up or down on either right or left side costs £2.25 extra.

## COOKING New veau cuisine

JULIE HAMILTON

CHARLES AND JAN COOKE rear Quantock veal calves on 18 Pounder Farm in Sussex. The calves live in big, airy pens with a deep bed of straw on which they sleep and play. MILK enriched with iron is on permanent supply from teats, not buckets. I can honestly say that we may now enjoy English veal with a much easier conscience. I have seen the calves on 18 Pounder Farm and I am assured that all the veal supplied to the major supermarkets in this country is English Quantock veal, reared as I saw it on farms all over Britain.

And the price of veal is not as high as is widely believed. At my last dinner party for eight I served a 4-lb joint of veal which, as it turned out, would have fed at least 12. It cost me roughly £7.75 which is

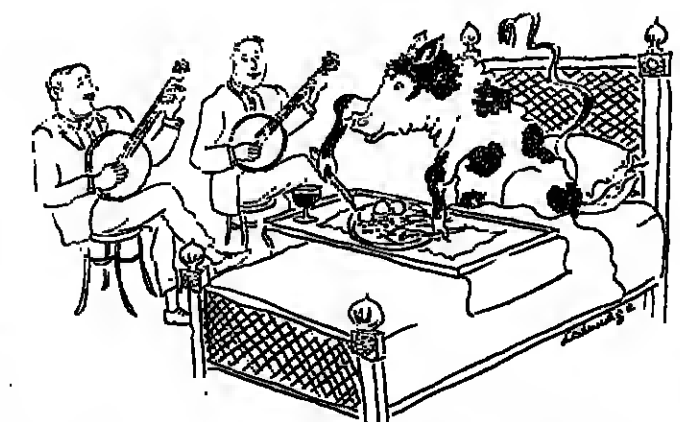
just under £2 per pound. Of course the price will vary slightly but here is a rough idea of what you can expect to pay for the various cuts.

Joints, probably mostly shoulder, are wonderful for roasting and stuffing, £2 per pound. The knuckle for Osso Bucco (available from Sainsbury's), is £2.63 per pound. Escalopes or cuts suitable to use as escalopes are more expensive but still comparable to beef at £3.81 per pound. Loin chops at £2.75 per pound are marvellous grilled and served with a cream sauce flavoured with mild mustard and rosemary. Bring the cream to boiling point with a big sprig of rosemary in it. If you find the different cuts of veal not readily available do not hesitate to badger the assistant in charge of your

supermarket's meat section. Only by many of us regularly asking for what we want will the full variety of cuts become a permanent part of the display.

A little bullying may be needed, but even your local butcher could be persuaded to stock English veal if you told him that Quantock would supply him and suggested that he phoned Paul Williams on 0305 63087, which is the number for the Quantock head office in Dorchester.

Finally, here is a list of the supermarkets which stock only Quantock veal (usually displayed as English veal): Sainsbury, Tesco, Waitrose, Finefare, Safeway, Bejam, Asda, Argyle Storea, International Stores and William Low in Scotland.



This is how I cooked the shoulder joint for eight I mentioned earlier.

**ROAST SHOULDER OF VEAL WITH PIQUANT SHRIMP SAUCE**

3 lbs (approx) rolled shoulder of English veal; 1 can peeled shrimps; 1 table-spoon oil; 1 red pepper; 1 heaped teaspoon sweet pap-

rika; 1 generous pinch cayenne pepper; 1 teaspoon anchovy essence; 1 table-spoon wine vinegar; 5 oz cream; 1 table-spoon brandy; salt and pepper to taste; bacon to wrap around the veal while roasting.

As the veal is so lean, I like to wrap bacon round it to ensure it does not dry out during cooking. Pour a little water in the base of the roast-

ing tin and roast at gas mark 7 (425F) for about 1½ hours, or lower and slower if more convenient. To make the sauce, de-seed and cut up the red pepper, cook it gently in the oil until it is quite soft, then push it through a vegetable mill, using the finest disc, and return it to the same saucepan. Add the paprika, pinch of cayenne, vinegar and anchovy essence. Strain and rinse the shrimps and add them also.

In a separate pan bring the cream to boiling point, simmer it until it thickens, then stir it into the shrimp mixture, adding the brandy and adjusting the seasoning last of all. When the veal is cooked let it stand out of the oven for at least 10 minutes before carving. To serve, slice the veal thickly, place one or two slices on each plate (or all of them on a serving dish) and top each with a portion with a spoonful of the hot, brightly coloured shrimp sauce.

**VEAL PORKOLT**

A very simple dish to make with veal is a Hungarian Porkolt. Served with noodles and cucumber salad it is quite delicious. 2 lbs pie veal (diced); 2 large onions finely chopped; 4 oz lard; 1 heaped tablespoon sweet paprika; 1 green or red pepper; 1 large tomato; 1 teaspoon salt.

Heat the lard in a heavy-based saucepan and fry the onions. When they begin to turn golden pull the pan off the heat and add the sweet paprika. Stir well, then add the veal and return the pan to the heat. Add the salt and a tablespoon of water, cover and simmer slowly, adding more water from time to time to keep thoroughly moist.

After about half an hour add the green or red pepper, which you have de-seeded and cut into four pieces, and the tomato on a serving dish) and top each with a portion with a spoonful of the hot, brightly coloured shrimp sauce.

pepper and discard it before serving. If it offends you to discard something as delicious as a red or green pepper, remove it, slice it into strips, dress with a little lemon, sugar, saffron and a dollop of so cream and serve it as a snappet salad. Alternatively, pull through a vegetable mill and combine it with the meat. It is not correct for a porkolt who cares when it tastes good?

**MULTI-FLAVOURED VEAL BALLS WITH SPINACH**

And here is an idea for supper dish. 2 lbs veal, minced; 2 lb spinach; 1 teaspoon Dijon mustard; pinch of sugar; teaspoon black mustard seed and cummin seed mixed; 1 clove garlic; 4 rosemary needles; 1 teaspoon capers; 3 or 4 mushrooms; 1 pinch marjoram; 2 or 3 fresh sage leaves; scant dessert-spoon olive oil; Juice of 1 small lemon; 4 oz butter; 6 oz cream; flour.

Divide the veal into four portions. Heat the olive oil and fry the garlic until near burned, then add the cummin and black pepper. Fry for a minute or two, then remove the garlic and discard it. Cool the oil and add the rest of the ingredients, with salt to taste, add it to one of the portions of veal, mix it well and form small balls no bigger than walnuts. Dust with flour. Chop the mushrooms very finely and scissor the rosemary, season with salt and lots of pepper and mix with a portion of the minced veal, again forming small balls and dusting with flour. Chop the capers finely and combine them with the marjoram and the third portion of meat. Continue as above. Use a pestle and mortar, crush the sage with a little salt, add drop or two of lemon juice the work it into 1 oz of the butter. Combine this mixture with the fourth portion of the veal. Form balls as described above.

Cook the spinach, season it with salt and pepper, roughly chop it and cover the bottom of a large heated serving dish. Keep warm. Heat the remaining 3 oz butter in a heavy based frying pan and fry the veal balls until well browned, one flavour at a time. Remove the balls to the spinach as they are done roughly embedding them in it. When you have cooked all the veal balls, put the Dijon mustard and lemon juice in the same frying pan with a table-spoon of water and the sugar. Stir well.

## Second again at Lugano

CHESS LEONARD BARDEN

JOHN NUNN, the British grandmaster, is nicknamed in Switzerland "L'eternal deuxieme". Three times Nunn has finished runner-up in the strong annual Lugano Open, a feat of rare precision in mammoth fields of nearly 200 entrants.

Lugano is among a number of rapidly expanding international opens whose original inspiration comes from a U.S. event at Lone Pine and from Britain's annual Lloyds Bank Masters. Among current opens, Lugano is the most prestigious in Europe with \$13,000 in prize money and entries from 28 GMs. Its sponsor is the Banco del Gottardo and it is the only tournament which has brought together Viktor Korchnoi and Boris Spassky since their controversial match a few years ago.

Both Spassky, with 6½/9, and Korchnoi, with a mediocre 6/9, were among the many distinguished also-rans at Lugano in 1984. Overall winner was Gyula Sax, of Hungary, recovering from a period of poor form to total an unbeaten 8 points. Nunn, with the best tie-break, headed the group on 7 points. It was a fine result for him, yet paradoxically one of his losses is likely to be the most quoted game of the whole event and gives Nunn an unwanted place in the record books. He had a winning position against the ex-Bulgarian woman GM Lemachko but fell for a variant of the classical smothered mate.

White: J. D. M. Nunn (England); Black: T. Lemachko (Switzerland). Ruy Lopez (Lugano, 1984.) 1 P-K4, P-K4; 2 N-KB3, N-QB3; 3 B-N5, P-QR3; 4 B-R4, N-B3; 5 O-O, B-K3; 6 R-K1, P-QN4; 7 B-N3, O-O; 8 P-Q3, B-N2; 9 QN-Q2, R-K1; 10 N-B1, B-KB1; 11 P-QR4, N-QR4; 12 B-R2, P-R3; 13 B-Q2, P-B4; 14 N-K3, N-B3; 15 N-N5! R-K3; 16 N-R, O-P-N; 17 B-B4, N-QR4; 18 R-P, N-B; 19 N-N, N-Q2; 20 B-B3, Q-B3; 21 Q-R1, P-B3; 22 Q-R2, R-K1; 23 R-R1, K-B2; 24 R-N1, R-N1; 25 P-QN4?

Nunn has outclassed his opponent in the early play and is the exchange ahead with a

mate. Natural and stroog is 25 B-R5, 25...P-P; 26 B-Q2 (26 BxNP, B-B3), P-N6! 27 P-R1, N-B4; 28 R-R5, NxQP; 29 Q-B2, Q-Q1; 30 P-B3, R-B1; 31 R-Q1? RxN! 32 Resigns.

If 33 PxR, Q-Q5 ch or 33 QxR, Q-N3 ch with the well-known smothered mate, 10 follow: 34 K-R1, N-B7 ch; 35 K-N1, N-R6 db ch; 36 K-R1, Q-N8 ch!

Sax's direct attacking play decided the game between the first and second prize winners. Nunn is a world expert on the Sicilian Defence for both sides—his new Batsford book *Beating the Sicilian* is excellent value for club players at £5.95—but here his opening play is uncharacteristically hesitant.

White: G. Sax (Hungary); Black: J. D. M. Nunn (England). Sicilian Defence (Lugano 1984). 1 P-K4, P-QB4; 2 N-KB3, P-Q3; 3 P-Q4, N-KB3; 4 N-B3, PxP; 5 NxP, P-QB3; 6 B-K3, P-K4; 7 N-N3, B-K3; 8 Q-Q2, QN-Q2; 9 P-B4, PxP; 10 BxP, N-K4.

White's 9 P-B4 is more direct than the book 9 P-B3, but 10...Q-N3 might be a better counter. 11 O-O-O, B-K3; 12 N-Q4, R-R4; 13 N-B5, BxN; 14 PxB, R-QB1; 15 K-N1, Q-B2?

Winning material by force and maintaining the attack. 18...NxR; 19 N-Q5, Q-Q1; 20 R-K1, N-K4; 21 BxN, PxB; 22 RxP, O-O; 23 NxB ch, K-R1; 24 B-Q3, Q-Q3; 25 R-K4, R-Q1; 26 Q-B3 ch, P-B3; 27 PxP, QxP; 28 PxP, Resigns.

For if QxR: 29 R-R4, QxR; 30 N-N6 ch wins.

## BRIDGE

E. P. C. COTTER

THE FOLLOWING slam contract occurred in the Life Master Men's Pairs in the United States, and found the majority of the declarers unable to find the narrow path that led to success:

N ♠AK1042  
♥A843  
♦Q764  
♣—

W ♠J765  
♥Q852  
♦—  
♣Q10642

S ♠83  
♥J10  
♦AJ1053  
♣AK73

After West had dealt at a love score, North bid one spade

and South said two no trumps. North now showed support for his partner's suit by bidding three diamonds, but South said three no trumps. However, over North's cue-bid of four clubs, South said five clubs, and North jumped to six diamonds.

West led the heart two, hitting where it hurt, and dummy's Ace won. The diamond Queen was returned, covered by King and Ace, and West discarded club. Many declarers now went wrong by trying to set up spades, cashing the Ace and King, and ruffing a third round. Because of the 4-2 break this did not work. East threw a club on the third spade, and was able to overruff dummy on the fourth round of clubs.

The winning line at trick three is to cash Ace, King of clubs, ruff a club with the six of diamonds, and return the four. East should play his 10; if he ducks, the five will give South access to his hand. The last club is ruffed, and now it is safe for the declarer to cash the two spade honours, and ruff a spade in hand. The declarer cuts airtight with his losing Knave of hearts, and East finds himself employed, or if he unblocked the heart King to allow West to win with the Queen, subjected to a trump coup.

The next hand, also from a championship pairs event, shows the declarer making an over-trick for a top on the board:

N ♠Q1065  
♥A105  
♦Q85  
♣J43

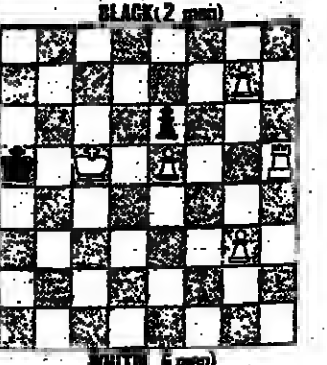
W ♠K98  
♥Q82  
♦AK108  
♣1097

E ♠J432  
♥Q9  
♦J763  
♣K662

S ♠A7  
♥KQJ874  
♦42  
♣AQ5

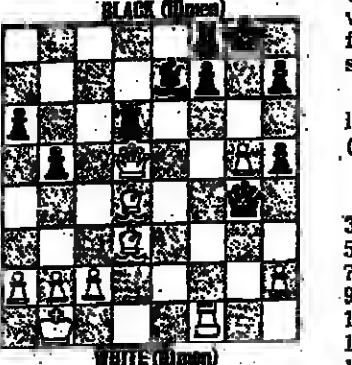
West led the diamond Ace, and switched to the 10 of clubs, which was taken by the Queen. The declarer at once returned his remaining diamond, West won, and led a third diamond to the Queen, on which declarer discarded his seven of spades. Crossing to the Ace of spades, he led his eight of hearts to the 10. East dropping the nine, ruffed a spade with the Knave of trumps, and returned the four. When West produced the three, dummy's five was played, and won the trick. Another spade was ruffed, bringing down the King, and a heart to the Ace drew the last trump, and enabled the declarer to cash the spade Queen for the invaluable over-trick.

West was asleep at the wheel!



PROBLEM No. 500

White mates in three moves, against any defence. (by J. Grande, 1964.) This looks easy, but the black king can escape most attempts. If 1 P-N8=Q, K-R5 with no mate in two.



POSITION No. 509

Lukin v Hasanov, USSR 1983: White (to move) has a strong position, but he is rook for bishop down. If his attacked queen moves, then another piece falls; while a rook advance lets in the opposing queen for a back row mate. What did white







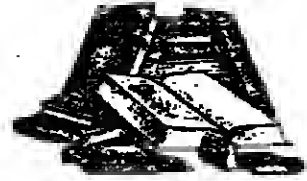
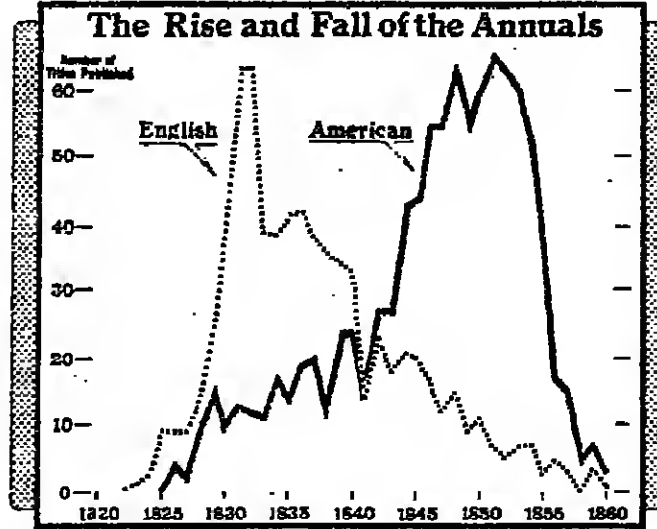
COLLECTING

Annuals' rise and fall

THE Forget-Me-Not of 1823 marked the start of the boom. A few nice poems and short stories well illustrated and expensively bound, the formula was simple but it was a winner. In 1824 two more appeared, Friendship's Offering and Graces. In the following year there were nine, and by 1831 no less than 63 different annuals and gift books were on sale in England. For the generation which passed the Great Reform Bill and witnessed the Chartists, they solved the problem of what to give the ladies for Christmas.

For titles, flowers and jewels were specially favoured, Iris, Magnolia, Lily, Hyacinth—Gem, Amethyst, Pearl, Cameo. Others preferred the sentimental charm of nostalgia, Remembrance, Memento, Pledge, and Even—Forget-Me-Not! and Evergreen scoring on both counts. If, like me, you've never bothered to discover what exactly an Annual is—there were at least two successful annuals of this name—it is a mythical everlasting flower. Every imaginable variation was rung, and some of the attempts to apply the golden formula to minority interests—Temperance Offering, Angler's Souvenir, Parenthetical Bijou—have an air of marketing managers' desperation.

ful which was the greater fool, Heath for making the offer or Moore for refusing it. Andrew Boyle's useful index to the Authors of the Annuals is still available from Boyles of Worcester at £4.50, although it only covers the main English publications. The illustrations were as important as the words. Contributors would be given the



BOOKS WILLIAM ST. CLAIR

when sampled in moderation. As examples of the art of book production they are full of interest, and there was hardly an innovation in that age of self-conscious improvement which was not first tried out in the annuals. The Forget-Me-Not came in a neo-classical slipcase with ribbons. Friendship's offering popularised the technique of embossed leather stamped into elaborate arabesques. My Moss Rose is wonderfully decorated in both gold and silver. Annuals pioneered steel engraving of pictures—first used by the Earl of England in 1811—as well as mechanical colour printing of their endless flowers. But I am glad that multi-coloured title pages never caught on for proper books.

They evidently went straight to the shelf when they arrived, a sure sign of lack of respect. You find others which have been chucked to the children on Boxing Day for colouring-in practice. But silk bindings had a more serious purpose. British silk was chronically uncompetitive with imports from Southern Europe and the Far East and the redeployment of the work force to sunrise industries such as shipbuilding was a long and painful process. The intellectual tariff protection and statutory minimum wage controls having been finally abolished on Ricardo's advice, in 1824, the Spitalfields weavers and their families were in acute distress. Advertisements for silken annuals in the newspapers were flanked by charitable notices urging people to find new and imaginative uses for the material to provide work. Customers who paid their extravagant guinea for a Keepsake believed they were helping to relieve the human costs of industrial restructuring.



Illustration from 'The Keepsake' 1822

Editors paid well for big names and writers and their widows were soon sent rummaging through their desks for suitable leftovers. The annuals include first printings of pieces by Coleridge, Shelley, Edgar Allan Poe and many others, although most poems by well-known authors are anthologised from published works. Wordsworth, after prolonged searching of conscience, accepted £50 for a few commissioned lines, half his ready income as the Inland Revenue official who administered stamp duty in the Lake District. Sir Walter Scott is said to have earned £500 for his original compositions, equivalent to the gross product of a small village. Tom Moore claimed to have declined 600 guineas from Heath but, as Lockhart remarked, it is doubtful if reading them right through makes you feel that you have eaten too much Turkish Delight, they give pleasure

picture and told to compose the story to match, a practice still maintained today in the writing of women's magazines. Nothing was risked which might surprise or shock the taste of the most modest sister. Before the title page the designers usually provided a dedication leaf, on which to write the name of the recipient. "To Clarissa round whom may all sweets gather"—the inscription in a Keepsake I saw on sale in a London bookshop—catches the style well. The annuals are a black museum of the cultural and intellectual subjugation of women.

But if reading them right through makes you feel that you have eaten too much Turkish Delight, they give pleasure

Not for those with weak stomachs

THE SQUEAMISH are advised to abandon this column forthwith and turn rapidly to the gardening article, or something else more agreeable. Old medical and surgical instruments may be very decorative objects to collect, but they recall, insistently and all too luridly, the dark ages of medical art. Ironically, many of the most beautiful surgical instruments, with handles of ebony and ivory and exquisitely chased, derive from the most primitive periods.

INSTRUMENTS

JANET MARSH

Only after Lister's introduction of antiseptics did the idea dawn that all this ornament provided cosy breeding grounds for harmful bacteria. (Though Florence Nightingale also did her bit in introducing new standards of surgical hygiene, she remained sceptical of Lister's notions. "Germs?" she rationally declared: "I never saw one.")

The other great revolution in surgery was the introduction of anaesthesia in the 1840s. Before that the unlucky patient was fuddled with alcohol and held down on the table by powerful assistants. Or, of course, he could be tied. A rather advanced medical writer of the 1770s gives instructions for pre-operative procedure: "Having laid the patient on a square, horizontal table, three feet four inches high, with a pillow under his head, let his legs and thighs be bent and his heels made to support his buttocks. By the hands to the bottom of his feet, with a couple of strong ligatures, about two yards long, and to secure him more

effectively from struggling, pass a double ligature under one of his arms, and carry the four strings round his neck to the other arm; then passing the loop underneath it, make a knot by threading one of the single ends through the loop. No instructions are provided for untrussing the poor fellow.

In such conditions, speed of operation was vital if the patient were not to expire from fright or shock. Robert Liston, of University College Hospital, was reckoned the astest man with a knife in the country. Herculean in stature, he could amputate a thigh single-handed, holding the knife between his teeth, using his left hand as a tourniquet and doing all the cutting and sewing with his right. His dexterity was variable: it is said that once, trying to beat his own speed record for amputation, he removed not only the patient's leg but one of his testicles and two of the assistant's fingers into the bargain. In 1846 Liston pioneered the use of anaesthesia, which he called, cheerfully, "a Yankee dodge."

The feats of Robert Liston are widely chronicled in Elizabeth Bennion's Antique Medical Instruments (Philip Wilson Publishers), not only the first essential for any collector, in the field, but a very entertaining history of the slowish march of medical progress in this country.

Until the beginning of the 19th century, surgery was enthusiastically practised, but limited in range. The most frequent operation was phlebotomy or bleeding, which was reckoned invaluable for practically any physical ailment—not excluding anaemia. The lancet used for blood-letting was virtually a symbol of the barber-surgeon's

profession; and generally figures in the decoration of delft barbers' bowls of the 17th and 18th centuries. Bleeding was mostly done from the fore-arm; but other favoured spots included the foot, the jugular vein, under the tongue and several more curious parts of the anatomy.

After bleeding the most common operation was for removal of stones and gravel from the bladder. Something about the diet of our forefathers produced these annoying objects in phenomenal number and size; and the ingenuity of surgeons and instrument makers, from ancient times, was constantly applied to the problem.

From the earliest times, too, surgeons were quite fearless about perforating the skull; and "trephans", the braces and drills with cylindrical saw-edged bits, designed for

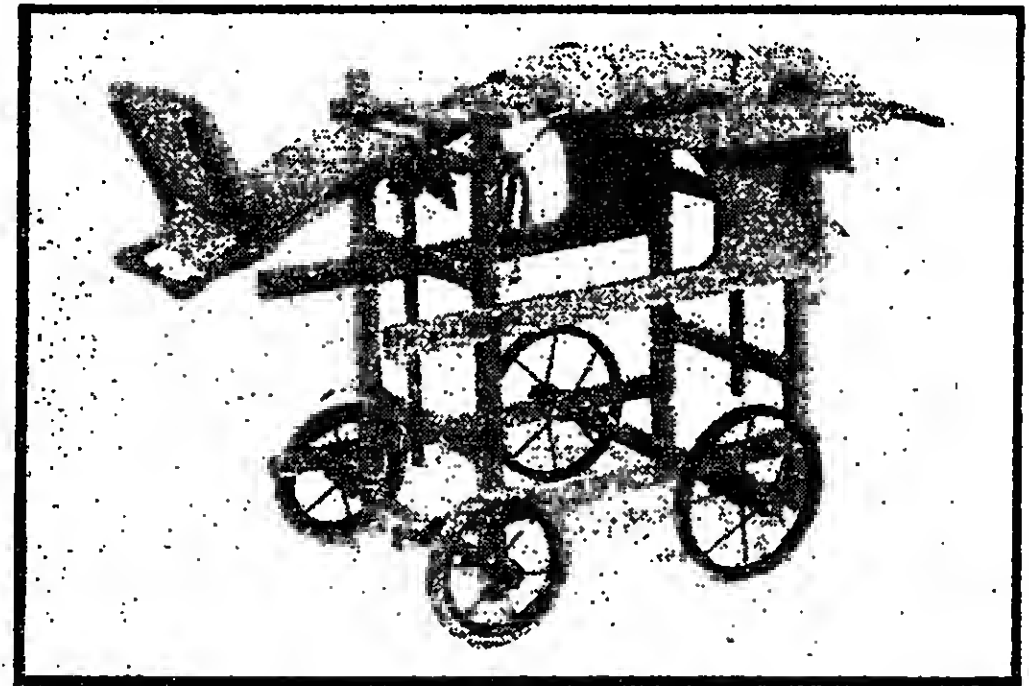
removing heat portions from the cranium, are among the most sophisticated of the eighteenth century implements likely to come the way of the collector.

Other surgical collectibles include amputation saws (often remarkably elegant in bow-saw form), forceps, probes, dividers, directors, instruments for treating ears, nose, throat and eyes. Dentistry is a field all on its own. Other side lines may include such functional aids as artificial limbs, spectacles and artificial teeth, which have an ancient history though, it seems, few collector enthusiasts.

Pharmacy objects tend to overlap the field of the ceramist, since the majority of containers intended for such vital medicaments as viper tongues, millepides in white wine and oil of fox (all in the London pharmacopoeia a mere

two centuries ago) were generally made in enamelled tin-glaze pottery. Other impediments of the alchemist's and apothecary's trade might include scales and measures, cauldrons, skillets, pestles and mortars, rasps and spoons.

Medical antiques appear fairly frequently in the auction rooms, where prices tend to reflect their decorative qualities. On Thursday Phillips have a sale which includes a collection formed by the late Dr John Harrington. There is a whole variety of lancets, a pair of 19th century artificial arms and a copy of a Roman vaginal speculum. The highest prices will probably be realised by a handsome Georgian domestic medicine chest, and a good early nineteenth century cased set of instruments for "cupping"—a marginally less drastic but hardly more agreeable alternative to bleeding.



A scratch model of an articulated orthopaedic stretcher mounted on four wheels

SPORT

Today is everybody's racing day... the Grand National. Dominic Wigan looks at form and takes a tip from jockey John Francome

Grittar has true grit



On the left is Francome, my tip to win the National on Grittar, but one of his main challengers is Carmody (right), riding Greasepaint



JOHN FRANCOME, whose season has proved remarkable even by his own exacting standards looks to have as good a chance as any through Grittar in today's Grand National.

Far more important for Grittar supporters than the opinions voiced by pundits up and down the country is Francome's own prognostication.

Yesterday this unannounced judge commented: "Grittar will win tomorrow's Seagram Grand National to fulfil one of my last two big ambitions as a jockey."

The full weight of that statement can be taken with a pinch of salt in a race which often sees only a handful of finishers from a line-up of 40 runners, but there is no denying Francome's grounds for optimism.

Grittar, one of the few runners to today's field with any pretensions to that indefinable quality, "class" is, I suspect, back to the form which saw him taking the race two years ago.

On that occasion Grittar lifted The Sun sponsored race and its then record course of £32,507 by defeating Hard Outlook after a clinically efficient display of jumping in which the only slight blemish was an untidy jump at the last fence. Fast and testing conditions seem to come alike to Grittar, who had almost everything against him at Market Rasen last time out.

Over a totally inadequate three miles trip on that unsuitably sharp track Grittar found those and other factors too much for him from the half way. Now back on the course where he has done well in two Nationals, the was fifth last year after a serious training interruption and also on a track on which he has completed in the "Foxhunters"

HOW THEY BET

Approximate betting forecast for this afternoon's Grand National: 6-1 Greasepaint, 12-1 Corriere, Grittar and Etiogary, 14-1 Hallo Dandy and Lucky Vase, 20-1 Broomy Bank, Taseroy, Ashley House, Fethard Friend, and Spartan Missile, 28-1 Yer Nan and Midnight Love, 33-1 Burnt Oak, Carlis Wager and Pilot Officer, 40-1 Bar.

Grittar will be thereabouts barring severe interference.

In one of the most open races even by the Grand National's standards one could name a dozen potential threats to Grittar without stumbling on a finisher.

However, for what it is worth four others who deserve mention in an summary up are the favourite, Greasepaint, last year's third, Yer Nan, and two other attractively priced outsiders in Spartan Missile and Fethard Friend.

Once Aintree and the National are past the racing

spotlight switches quickly to Flat and as might be expected with only five weeks until Guinness the ante-post mark the first two classics are all very much alive.

Leaf Fan continues to be a money in the General Act 2,000 Guineas (the first mercantile sponsorship of a B classic) but he is not expected to have on my mind race in which the ability to settle in the early stages is so important, if not a requisite.

Better betting proposition this early stage look to be Fan's market rival, El Senor and Capture. Him have both been looking inch classic prospects in r work.

As far as the General Act 1,000 Guineas is concerned support continues for Mahr and she, too, is clearly in heart.

However, at odds of at 5-1 the Tap On Wood filly is absolutely no betting sen this early stage.

Incidentally, Chapel Co—arguably last season's juvenile filly—is a dou runner for the May 3 res of the 1,000 Guineas.

AINTREE

- 2.00—Ragafan
2.35—Dawn Run
3.20—Grittar
4.05—W Six Times
4.35—Karenomere
5.15—King Jo

Trevor Bailey on an unfortunate tour

Devaluing Test cricket

ENGLAND CRICKET tour manager Alan Smith said it wasn't a disaster. But England's tour this winter must go down as one of our least satisfactory.

We not only lost a series in New Zealand for the first time, to an unexceptional Kiwi team, but we also lost for the first time in Pakistan, even though they had to field a side considerably weaker than one pulverised by Australia.

The tour exposed shortage of international class players and the limitations of Bob Willis as an overseas captain while three of our party were forced to return home, before the end.

Who have we learned from the tour? Not a lot that was not known already. It emphasised the potential of Neil Foster. The success of Vic Marks in limited overs cricket could help

The Test and County Cricket Board must take the blame for an absurd itinerary which included three Tests and three one-day internationals in Pakistan without any time for practice or acclimatisation.

A programme like this devalues Test cricket by over-exposure, is unfair to the players and lowers standards. This last point was underlined by the England bowling line-up in the last test of Cowans, Foster, Cooke and Marks. A good county batting side, let alone a Test team would not be too worried about facing that attack.

What have we learned from the tour? Not a lot that was not known already. It emphasised the potential of Neil Foster. The success of Vic Marks in limited overs cricket could help

to convince some captains there is room in our own game for a slow bowler, also that David Gower will be the next captain.

But the tour did more than good, as most of players would have been physically fit not finance from a winner's rest away the game.

I also believe there is much Test cricket at present most of which is sub-standard.

Test matches, like soccer Finals, should be major occasions, but if they are too often they cannot have same impact or appeal. Players will have problems in raising their game.

Cricketers administrators to guard against the danger of a Test overkill.

Arnold Wilson on a great ski resort

Just like an astronaut...

DANIEL, looking more like a kid just out of lycree than a ski-jumper, beckons from below. Way below. "You must not be afraid," he says.

And somehow—because the snow is perfect and the sky has been totally blue for days, you are so elated that it doesn't seem to matter whether you live or die.

So like an astronaut walking in space you launch yourself down this ridiculously steep couloir knowing that if you fall it may be some light years before you stop.

It was that kind of week in Val d'Isere. One of those very rare experiences when everything is as near perfect as makes no difference. One of the best ski resorts in the world—at its best.

Not a wisp of cloud. Seven days-worth of best snow. And to capitalise on all this, an instructor with a flare for motivation that would even silence Brain Clough.

He pushes you through every barrier—pain, fear, and exhaustion—until you find almost in passing that your technique has made a quantum jump.

Skiing the Val and Tigre area (perhaps it could be shortened to Valentine—it's

ordinary. But in conditions like this it is mind-blowing. To quote its favourite son, Jean Claude Killy: "To me, it's the finest in the world. It's an empire: 25,000 acres of skiing with 200 miles of ski slopes. It's fantastic!"

Even skiing hard and fast from dawn until dusk, you won't need to travel the same trail twice. A good guide will appear to develop magical powers.

Every day you start out from the same hotel—and yet somehow you find yourself on a different mountain or in a different valley.

At the end of a week—with a choice of more than 100 lifts—you will feel as if you have skied in a different resort each day.

It can be almost too much of a good thing. Unless you have a good memory or a good eye for a trail-map, it can all be wonderfully confusing.

"Didn't we ski here on Tuesday?" you ask Daniel, thinking you've finally used up the resort. "No," he says. So you know you're in for another strenuous day of powder. And another cocktail of nausea, vertigo and exhilaration at today's version of the "rouloir de Jour."

ing off-piste skiing but is quite flat the nerve, this is resort in which to let go, endless. And the rewards, spirit if not legs, are fanta (Bu) make sure you go with guide. There are 19 to ch from—not all are cutely cute as Daniel).

If you would rather stay the piste, the two ski school Val have 120 instructors. A vast choice of runs. The resorts—which have forged their once-hitter rivalry to form one huge ski-area—offer 57 r runs, 35 red, 25 green and r black runs.

The skiing goes higher 11,000 ft—up to the Gra Motte glacier, famous for summer skiing.

If it's the bumps you're af you won't find many mo fields to beat the Solaise. I like piston rods you may ha but by the time you've ei meandered or hot-dogged y way through, over or ru them... sorry, there's Dr calling me again!

"Face down the moun Look at Val d'Isere, not v skis. Keep your hands forw Don't sit down. You must not afraid..."

By Friday, I've heard it before. But it rrrrks. It ne to. Tomorrow he wants us to

Good news for lover of tree peonies

IT IS GOOD NEWS that at least one large wholesale nursery firm has decided to propagate and promote tree peonies for this should mean that plants of these very beautiful shrubs will soon be on display in garden centres and other retail outlets.

Tree peonies were first introduced to Kew garden from China in 1789 (before it became a botanic garden) and the peony was already well developed as a garden plant as both Chinese and Japanese gardeners had regarded it highly. Many more varieties have since been raised here and in Europe and these include some new hybrids with yellow or orange flowers. Yet the plant has never become well known mainly because it has never been widely available. It takes knowledge and experience to order such plants from one or other of the few specialist nurseries that have maintained small stocks, but now the tree peony should be increasingly on display and it will be astonishing if it does not create a big demand.

Even in foliage this is a handsome shrub (it is never a tree and the popular name is misleading), but when it is carrying its enormous flowers it is irresistible. Breeders have always sought for the fully double flowers which may have been a mistake because, although they are the most sumptuous blooms of any shrub I can think of, they are often so heavy that they hang down instead of facing up

to the spectator. Of course one can tie them to canes but that is bothersome and spoils the effect. Single flowers have no such problems, some of them are enormous and they may have inferior blotches of dark colour to contrast with the lighter base colour or white.

I do not know what varieties the wholesale nursery is distributing to retail nurseries but I have yet to see a bad tree peony if one restricts that name to Poaonia suffruticosa and its offspring. This is the one to which the name "tree peony" has been attached but it is not the only shrubby peony.

Two others that are freely available are Poaonia lutea and P. delavayi, both natives of south western China. P. lutea makes a bigger, sturdier bush than P. suffruticosa but its flowers are much smaller and tend to be partly concealed by the big, deeply divided leaves.

This fault is less obvious in a variety named Ludlowii which also has slightly larger flowers, say 3 in against 2 in. It is a fine shrub where there is room for it but it is not overwhelmingly lovely like the best varieties of the tree peony.

Poaonia delavayi is a little less vigorous, averaging 4 to 5 ft against the 6 to 7 ft of P. lutea, but the flowers are much the same size and rather too dark a crimson to be effective.

The two species cross readily and the offspring are intermediate in character with



GARDENING

ARTHUR HELLYER

flowers in various shades between crimson and yellow but always with a dark undertone which prevents them from being really orange. Burnt orange would describe some of them. On the whole I do not find them very attractive but there are exceptions.

Poaonia lutea has also been crossed with P. suffruticosa and it is from this parentage that some of the fine yellow and orange tree peonies have been raised though these so closely resemble the true tree peonies in flower size and character that I suspect a good deal of back crossing with P. suffruticosa has gone into their making.

Here, then, is the cast and with the prospect of a bigger public for tree peonies it might be worth while for someone to take a new look at further

breeding prospects. All these peonies can be grown from seed and Poaonia lutea and P. delavayi usually do it for themselves, presenting their owners with self-sown seedlings whether they are welcome or not. The big tree peonies we already have, though magnificent in bloom, are by no means ideal plants. Some of them have a scrawny habit, many tend to bang their heads and many also start to grow too early in the year for their safety in our fickle climate. Mature growth is hardy but the young shoots are distinctly tender.

If they come in March some are liable to be cut by frost and that can stop flowering. But they do not all start to grow at the same time and there should be no great difficulty in breeding a race of late starting peonies that would be safe almost anywhere in the British Isles except in vicious frost pockets. There is also scope for a wider choice of flower shapes including more singles and semi-doubles.

One thing that has probably done more harm than any other to the reputation of tree peonies—and again I must make it plain that I am using this term solely for the varieties and hybrids of P. Suffruticosa—is been the nursery practice of erecting a screen for each plant of the fine nylon netting that is the herbaceous peony. These sold for greenhouse shading, it is of a totally different character, is very effective and does not

ter to the roots of tree peonies

and though the two make a good union and grow well for a time, it is not a satisfactory long term method of increase. Because of this danger gardeners have been advised to plant tree peonies rather deep so that the scion (the part that provides the stems) can make roots of its own and in time take over from the alien stock. But gardeners should not have to compensate for the faults of of nurserymen in this way and should be supplied with plants on their own roots. There are so many propagating techniques available to-day that it should be easy to find one that would suit the tree peony and give it a root system on which it can endure.

Apart from these two problems, precocious growth and unsatisfactory grafting practices, there is nothing in the least difficult about growing tree peonies. They like deep, fertile soil but will grow in many soils, less ideal than this. I have some in quite sandy shallow soil but I do feed them well and try to keep them well watered when it is dry. They should grow well in most town gardens because of the slightly higher spring temperatures due to the warmth from surrounding buildings. If in doubt I is not difficult to erect a screen for each plant of the fine nylon netting that is the herbaceous peony. These sold for greenhouse shading, it is of a totally different character, is very effective and does not







المجلة الاقتصادية

Arts Council shake-up

Alas, poor London...

By Antony Thorncroft

THE ARTS Council yesterday announced the most far-reaching change in its strategy and activities since its foundation almost 40 years ago on a wave of post-war optimism.

The basic thrust of its new approach is to switch resources from London to the regions, both in cash terms and in organisation. This year the Arts Council will fund directly 158 clients, by 1985-86 only 94 clients will look to 105, Piccadilly, for Government subsidy.

The transformation has not been without birth pangs. The initiative follows the arrival at the Arts Council of two Tory radicals, Sir William Rees-Mogg, who became chairman in 1982, and M Luke Rittner, who was appointed secretary-general last year.

They quickly set in motion an audit of all Arts Council activities, starting with a weekend conference at Ilkley last October for the 20 members of the Council and senior staff. It was decided there that no appreciable increase in Government support for the arts could be anticipated over the next few years and that any changes in policy must be met from current resources.

In addition, Mr Rittner was very keen to encourage the arts in the regions.

The Council was anxious to avoid the experience of its last tentative exercise in grant switching in 1980. On that occasion it awarded 41 of its clients just before Christmas, giving them no notice and attracting a flood of abuse. In the event, only three of the companies ceased activities on losing their grants, an encouraging omen for the much greater shake out planned now.

This time all 250 client companies were asked how they would cope with a 25 per cent cut in grant—and a 25 per cent increase.

The Arts Council suspects were soon at work, with the result that distinguished figures in the arts world, from Henry Moore to Sir Peter Hall, were writing to The Times in protest before any final decisions were made. Perhaps they were wise to do so, for one of the heavily tipped casualties, the Hayward Gallery, escaped the chop, and the other London institutions believed to be under threat, the Royal Court, got a stay of execution.

Indeed, the Arts Council has



A recent production at the fringe Tricycle Theatre which stands to lose its £87,000 Arts Council grant next year.

managed to make savings of £6m in the nearest way possible, deflecting criticism by dressing up the changes as a great new opportunity for the arts in a booklet entitled "The Glory of the Garden" (a quote from Kipling).

There are casualties, but of more importance are the longer term implications for the arts companies not directly affected by yesterday's announcement. The Arts Council sees the five per cent switch of resources from London to the regions as just a first step. Future funding for its new policy will be at the expense of the national arts institutions.

This is clear from the figures. The new areas of expenditure total £6m, the savings £5.5m. But £1m of this balancing act is earmarked to come from Government subsidies over the next two years. In effect, the Arts Council is going to give just one per cent of any increase in Government funds over that period to finance the strategy.

The Council has also taken the easy way out in finding a further £1.1m in unspecified savings from its budget to house the arts.

The remaining £3m plus of cuts have been taken from clients. But not all the savings are clean cut: many arts organisations find themselves today in an unenviable state

of suspended animation. The Royal Court, for example, will only continue to get Arts Council money in 1985-86 if its local authority, the Royal Borough of Kensington and Chelsea, agrees to start supporting it on the surface an unlikely development.

Similarly, Riverside Studios in Hammersmith is not listed as a casualty, but has been told to sort out its financial problems and break even within a year—or else.

It is the same in the music sector. The Arts Council is basically telling two opera companies, Opera North based at Leeds and Scottish Opera in Glasgow, that they cannot expect any substantial increases in their subsidy and they should consider ways of sharing costs. The future of the Arts Council's lease of the Wigmore Hall is also put in doubt.

The Arts Council has also left tantalisingly vague its most profound change: its desire to reduce London's major orchestras from four to three. As a carrot it will subsidise one of them to the tune of £500,000 if it becomes a touring orchestra for the east of England, based in Nottingham.

The stick is that from 1985-86 it will reduce its subsidy to the London Orchestral Concerts Board by 250,000, or 35 per cent.

Most of the immediate casualties had been expected. The theatres in London's affluent suburbs—the Churchill, Bromley, the Yvonne Arnaud at Guildford, the Horsham theatre; the literature department, which sees its budget almost halved to £450,000; an assortment of small musical societies and festivals, like the English Simphony, the Handel Opera, the New Opera Company; and Opera 80, a strange casualty since this was set up by the Arts Council to tour the regions.

The Arts Council will rightly deplore the concentration of interest on the cuts rather than the areas which can now be expanded. Fine art is a gainer, with £500,000 invested in bringing contemporary art into the country's galleries; and dance gains £450,000, with some money earmarked for raising the salaries of dancers. Drama in the regions receives £1.5m at once and a total programme of £6.5m is planned over the next few years.

The biggest beneficiaries of all will be the Regional Arts Associations. The Council is to allocate £2.2m to the 12 regions and also to hand over to them the direct funding of over 40 companies that have until now dealt with 105, Piccadilly.

This will raise the prestige and scope of the RAA's, as well as their revenue, while freeing the Arts Council to concentrate on the national and the large regional arts companies. It should also lead to staff savings at headquarters. Some personnel have already gone—from the advisory panels. There has been one resignation from literature, and drama has shed eight who wrote a letter of complaint to The Guardian before any decisions had been finalised. Sir William reckons their letter amounts to a resignation.

He is credited with having merrily made the changes, although Mr Rittner probably has the strongest faith in the regions. Despite all the leaks and protests, it is likely that the Council's new approach will stick. Of vital importance, it will help convince the Government that there are strong men with fresh ideas running the Arts Council, and that this well entrenched quango deserves more Government money while other institutions face cuts.

Harris and Debenhams

'A nice guy, but terribly ambitious'

David Churchill reports on a prospective deal



Mr Philip Harris: entrepreneurial flair

MR PHIL HARRIS, whose entrepreneurial flair has already marked him out among the most promising in a new generation of British retailers, this week set out to do for Debenhams what he has done so well in the last five years for his Harris Queensway furniture and carpets chain.

Mr Harris and his colleagues are holding confidential talks with the Debenhams board about Harris taking a major stake in running not only the company's furniture and carpets business, but also its electrical and video departments. For Mr Harris, aged 42, the deal has many attractions: it boosts his furniture and carpet operation; it gives him the chance to develop into the fast-growing area of electricals and video; and it makes up for last week's disappointment when he failed to win control of the Stylo footwear shops chain.

But for Debenhams the prospective deal appears much more surprising. During the 1970s, Debenhams was rapidly becoming something of a retailing joke—a department store chain that had almost total lack of style. Many retailers and City analysts saw it as little more than a property portfolio and waited patiently for the inevitable predator to do an asset-stripping operation.

Yet Mr Bob Thornton, the 60-year-old chairman, who is a former personal assistant to Marcus Sieff of M & S, has quietly improved the Debenhams performance in the last couple of years, injecting efficiency, tighter management, and some retailing flair to the 89 Debenhams department stores.

So why is Phil Harris in on the new revitalised Debenhams operation? As one stockbroker's analyst put it yesterday: "Phil's a nice guy, but he's terribly ambitious. Debenhams may think they're just getting in his expertise and buying power but they may find he is really a bit of a wolf in sheep's clothing." A couple of years ago, Mr Harris was strongly tipped to move into the stilling "Woolworth operation to mark it up—a last abortive gamble to prevent the takeover by a financial consortium.

Mr Harris has the traditional rags-to-riches background which marks so many retailing successes. When he was 15, he inherited three small South London carpet shops from his father and, faced with the choice of selling up or running the shops himself, he decided to have a go.

Until he was 21 he needed a guarantor every time he clinched a deal—but that did not stop him from developing his retailing formula along the

"pile it high, sell it cheap" lines which has been the cornerstone of many other fast-growing retail operations. Mr Harris, however, took it a stage further. "I wanted to get my shops as close as possible to Marks and Spencer," he remembers thinking as a youth of 15.

Mr Harris's carpet store operation grew rapidly, aided by improved living standards and the growth in home ownership in the 1960s and 1970s as well as a lot of luck. But he was determined to expand at every opportunity, ploughing profits back into taking over small shop chains and, in 1977, diversifying into furniture with his most ambitious move: a £2m takeover of the Queensway discount furniture operation.

Despite being considered a typical workaholic by those who know him, Mr Harris has found time to indulge in his favourite hobby: showjumping. He owns a string of showjumpers which David Broome has ridden in many major events.

Now Mr Harris is a millionaire several times over, was last year named the joint winner of the Hambro award for Businessman of the Year, and this week delighted the City with a 57 per cent increase in pre-tax profits to £25.6m on a turnover of £225.4m.

Both Debenhams and Harris Queensway were being cagey yesterday about the exact details of the deal being worked out between them, although Mr

Harris maintained that "there will be no significant financial involvement for us."

The lure for Mr Harris, however, in linking up with Debenhams (in a complicated deal involving joint share stakes in the companies running the various internal departments) is that it gives him an easy way into learning the intricacy of large store retailing.

Part of the Debenhams revival in recent years has been due to its willingness to recognise its deficiencies in certain areas. "We decided not to kid ourselves that we could become experts at everything and did not therefore attempt to develop the central buying and merchandising skills which would have been needed for us to use all our footcane in our larger stores," says Mr Andrew Noble, managing director of the department store operations. "We do not regard this as an admission of failure. External shop-within-shop operations have therefore been used to bolster specialist needs in departments such as women's wear, household textiles, china and glass. In these three areas about half of Debenhams sales now come from shops-within-shops.

This shift in trading approach to import style and expertise into Debenhams was facilitated by a revised management structure which made individual departments more accountable for their activities. Major

departments had to justify their existence as profit centres. Clearly both the existing carpets and furnishings electrical departments failed in these terms—why Mr Harris is being allowed in.

The "shop-within-shops" mat was not without its perils. Mr Noble, the new in-charge, has led to a major reduction in inefficient cost bureaucracy.

In addition, the new vertical management structure also added advantage. "Shop-within-shops" can more easily interchange the performance of the core operators falls short of profit criteria.

The Debenhams approach scorned by other department store chiefs who cannot see the point of sharing profits with outside operators. "It seems very defensive approach to me," said one rival. The old Bar and Hollingsworth department store in London's Oxford Street tried a similar approach in late 1970s, but it was eventually forced to close down although there were other contributing reasons for its decline.

Whether Mr Harris' deal is able to extend his involvement with Debenhams the next few years is still a question. But both he and the Debenhams chain should be worth watching.

Weekend Brief

High Table drama at Pembroke

Controversy over the claret at High Table is an enduring part of Oxbridge folklore. Where would the diarists be without the regular episodes of intrigue and skulduggery as opposing factions canvass votes for new fellows, Masters, poets and other sought-after niches in Academe?

At Pembroke College, Oxford, however, it was the state of the High Table itself, rather than that of those who should be allowed to sit at it, that has been the most recent

cause of a little gentle controversy. There was agreement on just one thing—the High Table was in a sorry state. Should it be left as it was, restored or replaced, and if so, with what?

Factions began to form when Dr Nicholas Mann, the don who had taken the most enthusiastic interest in the overall aesthetics and conservation of the college, began to lobby in favour of commissioning a new and entirely contemporary replacement. He had learned that under a recent Crafts Council scheme the college could qualify for a 50 per cent grant if it commissioned a piece from a Council-approved craftsman. In any case, he was temperamentally in favour of using the money to play the time-honoured Oxbridge role of patron of the arts, rather than "going buying in High Westminster."

The "no change at all costs"

school proved not to have much of a case (though this, naturally, didn't stop people making it)—restoration would have cost more than a new table and the end result could never have been ideal.

In the end the 33 idiosyncratic fellows with all their divergent views arrived at a civilised consensus—craftsmen would be invited to take part in an open competition and the winning design would be chosen from those.

Richard La Trobe-Bateman was the almost unanimous winner and this week what he describes as his "most exciting commission" to date arrived in the mock-Gothic Hall that is to be its home. Made from four huge pieces of oak, it reminds one of nothing so much as a bridge, underpinned as it is by the sort of triangular structures used in Victorian bridge building and Gothic cathedrals. With its few chairs that are uncompromising in their

simplicity, but, according to Dr Mann, "contemporary and yet of no period."

Richard La Trobe-Bateman describes how he took one look at the length of table required (seven metres in all) and went "whoopie." He realised that for the first time he would be able to make a table that brought together all the ideas about structure he'd been thinking about for a long time. It cost £10,000.

Dr Mann has no doubts about the success of the venture. "It's a classic design, quite timeless and though in some ways stark and quite ascetic, the beautiful girder structure, just like a Victorian bridge, looks wonderfully well in the hall. Yes, of course, there's some residual opposition—mainly on the grounds that it's "difficult." And then some people are not prepared to believe that carved, wooden seats can be as comfortable as upholstered ones, but I've sat on them and they are."

The Love Plane brings romance

OVER 50 authors, would-be authors, and hangers-on in the literary genre known as "Romantic" and "category" fiction leave New York by "Love Plane"—otherwise known as British Airways Flight No 174—for London next week.

The schedule of events, mistress-minded by Kathryn Falk, publisher-editor of "Romantic Times" (a newsletter, with trade publication spin-offs, for the "Romance" industry in America) herself author of "Love's Leading Ladies," a romance and How To Write A Romance And Get It Published (With Intimate Advice From the World's Most Popular Romance Writers), a less-than-romantic encyclopedia for writers and would-be writers in this somewhat less than literary, more ruthlessly commercial genre will make for a crowded week.

Met at Heathrow by "guides" who will escort them to their modern de luxe motor coaches for the transfer into central London, baggage conveyed separately by baggage van under the constant supervision of a bagmaster, the confirmed with kick off with a "Welcome to Britain Dinner," at which Special Awards sponsored by Miss Falk and the "Romantic Times" publications, will be made to "infer" Miss Lady Antonia Fraser, Catherine Cookson, and other luminaries of the English "romantic" scene.

Tours of London, with "permeants" for the Changing of the Guard at Buckingham Palace and the entrance to Westminster Abbey, will include "May-fair and Belgrave, home of the



aristocracy and a visit to Mills and Boon.

Those who can, or would like to be able to recognise a book if they saw one, may pay an "optional" visit to the London Book Fair at the Barbican that week, with a "Special Welcome" at the Hodder and Stoughton/Silhouette stand. Silhouette is one of the UK's publishing imprints for "category romances"—meaning short novels written to a fixed formula in the "sensational mode": "female meets devastating man, sparks fly, lovers meet, lovers are torn apart, get back together, resolve their problems, and commit themselves, usually to marriage."

It all sounds a bit odd, but there will be pretty hard heads among American publishers, writers, agents and editors, "as well as their British and foreign counterparts," who will speak and answer questions about everything concerned with writing a book, marketing a book on the international market, and a "Day of Seminars and Workshops on all categories of popular fiction" is definitely serious stuff. Any romance in the air will be purely coincidental.

Costly perfume of Araby

Looking for that Mother's Day gift that is sure to recover any lost ground in the favouritism stakes? Read on—providing you are out of original ideas and your pockets are, if not quite bottomless, then certainly deep.

Take entrepreneurial flair; France's leading perfumier; a dash of myth, mystery and money from Oman; solid silver caskets from Aspreys; inject media hype and a heady price tag. Then introduce Amouage—the world's most exclusive, if not most expensive, perfume. And as the ad hype says—Amouage is only expensive once. After that it's priceless.

Launched last month, Amouage is the brainchild of Omani investment/trading company Sabco, and particularly of two company directors, brothers Sami and Badr Hamad bin Hamoud. Until now, Sabco's main interests have been in the relatively mundane hotel, construction, oil and Tanuf (Oman's mineral water) businesses.

The Western-educated brothers had several aims in developing their new project. They wanted to build a modern and lucrative foreign exchange generator industry in Oman, which currently depends on oil for 90 per cent of its revenues, that would make use of some of the ancient, traditional crafts. And they were anxious to move into the luxury and not-so-luxury consumer markets.

The perfume, created by Guy Robert (of Gucci; Madame Rochas and Equipage fame) is made in Grasse in France and bottled in a factory near the Omani capital Muscat. The Asprey caskets, solid silver dipped in 24 carat gold, are shipped out from the UK, al-

though there are plans to transfer this operation to Oman within the next two years.

Prices start at £260 for the 10 ml women's size, going up to £630 for the 120 ml men's size. A mere snip, Refill costs start at £50, but an ingenious bottle shape is likely to ensure that prospective buyers will not buy the refill alone.

The Amouage project is capitalised at \$3m. The marketing strategy involves a phased launch over the next 12 months with an initial manufacturing target of 8,000-10,000 caskets. The perfume will be stocked under exclusive contract in 50 leading retail outlets worldwide, in 15 key centres, including London, Paris, New York and Middle East capitals.

But Amouage will not be leaping at you from every corner street billboard and Sunday colour supplement.

Shops have the advertising contract until May this year and the campaign has been budgeted at \$500,000-plus for the first 12 months of the launch. Ads are being placed in a selection of top-flight glossy, such as Harpers and Queen in the UK, Vogue France and Vogue, Harpers Bazaar and Town and Country in the U.S., as well as in-flight magazines and Middle East magazines. Whitehead Middle East have the marketing/management consultant job on the project. But Amouage, the perfume, is only the beginning. The brothers are planning to launch a women's perfume pendant, in solid silver, studded with green malachite, and a perfume that is handbag size.

Contributors:  
Lucia van der Post  
Gay Firth  
Meg Leitch

"I've put you on Sabena"
Flying's less fuss via Brussels
You'd be surprised how often connecting with Sabena's handily timed world wide services in Brussels can leap-frog you over congested airports. And get you where you want to be in the world with less fuss and maybe faster, too. For a major international crossroads, Brussels National Airport is compact and hassle-free with excellent facilities and Sabena service proves that to travel can still be almost as pleasant as to arrive.
SABENA BELGIAN AIRLINES







UK COMPANIES

RESULTS DUE NEXT WEEK

THE UK COMPOSITE insurance sector over the past year has been dominated by speculation over further bids rather than on last year's poor trading results. This week three more companies, Guardian, Royal Exchange, Phoenix and Sun Alliance, reveal just how effectively they have coped with present weaknesses. In all the major world insurance markets, the best results are expected from Sun Alliance with a pre-tax profit increase of about 20 per cent to £70m. The group, as the largest house building insurer in the UK, should benefit from last year's better weather and despite swollen claims from its reinsurance operations, the overall underwriting position should be unchanged from 1982. Shareholders can expect a near 20 per cent increase in dividends to perhaps 56p. GRE, as the UK's second largest motor insurer, can hardly avoid being affected by the rising number of motor claims and the keen competition of the past few years. The motor account is expected to show considerably higher losses which will offset improvements in other accounts, leading to higher underwriting losses overall and a pre-tax profit up 10 per cent to £115m. Shareholders with GRE can look forward to an equivalent dividend increase to around 22p. Phoenix, the smallest of the listed UK motor insurers and the expected higher losses on this business will put up overall underwriting losses on its UK account. However its U.S. associate, Continental, has reported a better than average result for 1983 and Phoenix can also expect better U.S. figures, in contrast to the other composites. It should be able to show some improvement in pre-tax profits to about £25m, not only a marginal dividend increase to 18.5p.

Table with columns: Company, Announcement date, Dividend (p) Last year, Dividend (p) This year. Lists various companies like Associated Book Publishers, Associated British Food, Asstbury and Madley (Hlgs), etc.

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COMPANY NEWS IN BRIEF

Pre-tax profits of Findhorn Finance, whisky stock financier, rose from £112,000 to £135,000 over the half year ended January 31 1984, on turnover of £274,000, compared with £788,000. The net interim dividend is stepped up by 0.5p to 7.5p—the company's shares are not quoted. The current accounting period covers the 17 months to December 31 to bring the company into line with other whisky companies.

Icahn lines up \$150m credit for ACF deal

THE BATTLE for control of ACF Industries, the U.S. shipping, railway rolling stock and energy group, has resurfaced with the news that Mr Carl Icahn, a leading Wall Street arbitrageur, has lined up \$150m in credit for a possible takeover. In January, ACF reached agreement in principle to go private in a deal valuing the company at about \$420m. This replaced an earlier offer from Mr Icahn's group, who had proposed a two-part leveraged buyout involving the spin-off of ACF's W-K-M energy equipment manufacturing subsidiary.

Alcan expects aluminium price to edge higher

ALCAN ALUMINIUM, the major Canadian aluminium producer, expects the market for its products to become tighter, particularly in North America around mid-year. This should bring a moderate increase in the North American producer price for ingot, to 81 cents a pound.

Occidental stake bought

MR DAVID MURDOCK, the U.S. entrepreneur, and a group of his wholly owned companies, have acquired a 5 per cent stake in Occidental Petroleum, the California-based oil and gas company.

Triumph-Adler sees recovery

FRANKFURT—Triumph-Adler, Volkswagen's 88 per cent-owned office equipment subsidiary, expects a small profit this year after several years of losses, Herr Peter Niedner, chairman, said yesterday.

Granville & Co. Limited

Table with columns: Company, Price, Change, Yield, P/E. Lists various companies like High Low, 142 120, etc.

INTERNATIONAL COMPANIES and FINANCE

Continental Illinois in \$1bn disposal

BY TERRY DODSWORTH IN NEW YORK

CONTINENTAL ILLINOIS, the large Chicago bank which has been heavily hit by losses on U.S. energy lending, has sold its extensive credit card business for about \$100m—a premium of \$17m over net assets. The bank may be able to book most of this premium as profits to its first quarter accounts which are due shortly, although it said yesterday that the final accounting treatment was still being examined. Continental has recently begun

selling off assets in a bid to improve its capital base. The sale, to Chemical Bank of New York, follows a fortnight of bidding for the business, which involves 1.2m Mastercard and Visa card accounts widely held throughout the U.S. Chemical Bank said yesterday that the acquisition would make it the fourth largest credit card company in the country with a total of 1.6m cards. The business fitted well, it said, with

its other activities in retail and consumer banking and its steady expansion into the electronic business, where it will be able to make credit card accounts available on home computers. The leading U.S. credit card bank is Citibank, with around 5m accounts, followed by Bank of America with 3m, and First Chicago with 2.9m. The total consideration for the Continental Illinois business includes around \$835m of assets and receivables in the business, meaning that the \$176m represents the amount Chemical Bank was prepared to pay for the ongoing earnings stream of what it called an "excellently run" business.

Steel turnaround lifts BHP third quarter

BY LACHLAN DRUMMOND IN SYDNEY

BROKEN HILL Proprietary (BHP), Australia's largest company, showed a continued strong rate of earnings growth in its third quarter, to the end of February, as it reaped the benefits of plant rationalisation, job cuts and productivity gains in its steel operations. BHP earned a net profit of A\$159.7m (US\$149.8m) in the period, compared with a depressed A\$27.5m a year earlier when the group was incurring the costs of its rationalisation programme. Net earnings for the nine months came to A\$41.9m compared with A\$158.4m.

Oil and gas was the major source of third quarter profits at A\$107m, against A\$7m previously, while the steel division turned round from a A\$53m loss to a A\$16.9m profit. At the operational level before tax, depreciation and interest, BHP's performance was even stronger, with earnings at A\$1.16bn, compared with A\$914.5m, matching its record 12 month return at this level. Depreciation was A\$250m (A\$231m), and tax was A\$400.6m (A\$144.2m), while interest charges of A\$67.5m

(A\$75.1m) were more than offset by investment and interest income of A\$75.8m (A\$2.6m). The company put the steel improvement down to some growth in market demand, but mainly to the extensive rationalisation, while oil and gas returns benefited from higher average prices and increased volumes. The company has increased its half-yearly dividend from 21 cents to 23 cents for a payout of A\$79m and has announced proposals to split its shares from A\$2 to A\$1 units. See Lex

UOB raises earnings by 9.6%

BY CHRIS SHERWELL IN SINGAPORE

UNITED OVERSEAS BANK (UOB), widely regarded as the most aggressive among the big four of Singapore's local banks, yesterday reported group net profits for 1983 of S\$153.8m (U.S.\$73.8m) up 9.6 per cent on the S\$140.3m for 1982. The results confirm UOB's position as the largest local bank in terms of attributable earnings, even though they include gross profit of S\$28.3m from the sale of its sharehold-

ing in International Bank of Singapore (IBS). DBS Bank, the largest local bank in terms of assets, recently reported net profits of S\$130.3m, up only 1.6 per cent. UOB Bank included profits from its own sale of shares in IBS, which were bought by another of the big four, Overseas Union Bank. UOB said yesterday that the IBS gain would be applied as a special provision in addition to other provisions for loan losses and reduced asset values. The Singapore banks are known to have been ordered to make sizeable provisions for their overseas lending, though details have not been disclosed. UOB is paying a final dividend of 10 per cent, making 18 per cent in total, equivalent to S\$42.6m, the same as the previous year.

Margin cuts at Pick 'N Pay boosts turnover

PICK'N PAY, the fast-growing South African super-market group, reduced margins in its last financial year to keep customers and gain market share. In the year to February 29, 1984 turnover rose by 21.6 per cent to R1.50b (\$1.2bn) from R1.23bn. Pre-tax trading income increased by 13.2 per cent to R50.1m from R44.2m. Mr Raymond Ackerman, chairman, said the reduction in margins from 2.6 per cent to 2.3 per cent was a direct reflection of the group's strategy of gaining market share despite the difficult economic situation. The company intended continuing with its expansion policy this year, so that new stores would be on line when the expected economic upturn arrives. Earnings per share increased by 166.8 cents from 148.8 cents, and the dividend has been increased from 61 cents to 72 cents.

Straits Steamship shows deficit

BY OUR SINGAPORE CORRESPONDENT

STRAITS STEAMSHIP, the Singapore shipping and energy services company taken over last year by Keppel Shipyard, shows a loss, after tax and minority interests, of S\$6.5m (US\$3.1m) for 1983, a sharp reverse after the S\$18.3m profit of 1982. The sale of the company's share in a West Australian open-cast mining operation resulted in a further S\$5.2m loss which, with other extra-

ordinary losses, left an overall loss attributable to shareholders of almost S\$14m on sales of S\$265.3m. Mr Richard Stevens, chief executive of Straits Steamship, forecast yesterday that 1984 would be "a lot better" as there was a "patchy" recovery. The company's action over its Australia holding and in its shipping activities would bring benefits, and the link with government-controlled Keppel

Hanomag closes after hunt for purchaser fails

HANOMAG, the bankrupt German manufacturer of wheeled loaders and bulldozers, is closing down today. The company was part of IBH Holdings construction equipment group, which lapsed last November. Attempts to find a purchaser for the Hanomag business, however, were unsuccessful, despite strong support from the City of Hanover. Herr Eggo Kretschmer, Hanomag receiver, said he hoped to sign a contract next week to sell the company's technical know-how to Ulrich Harms, a Hamburg businessman. Earlier this year, Harms rescued Zeltmeter, another former IBH subsidiary that manufactures loaders and dozers. Herr Kretschmer also said that Herr Harms was considering entering into co-operation with the Arabian Investment Corporation of Dubai. Meanwhile, Northern Engineering Industries of Britain yesterday there were no problems arising from acquisition of Hymac, the W excavator manufacturer, was also a subsidiary of IBH. Harms had taken over manufacturing of some excavator models formerly in Hanomag range. Daewoo Heavy Industries of South Korea, last week that it withdrew bid for Hymac because of it that another European manufacturer might claim patent rights on some pieces of machinery.

Chip sales boom aids Monolithic

BY LOUISE KEHOE IN SAN FRANCISCO

THE SPECTACULAR world-wide boom in sales of semiconductor chips of all types is reflected in quarterly earnings figures from Monolithic Memories, a California chip maker. Profits rose to a record \$5.5m in the quarter ended March 18, from \$62,000 in the comparable quarter. Sales rose 87 per cent to \$40.1m.

Monolithic is the first of the major U.S. chip makers to report for the first calendar quarter of the year. The company's results indicate that the growth in semi-conductor sales, which began in the spring of 1983, is continuing unabated. "New order strength continued through the quarter," said Mr Irwin Federman, president and chief executive officer. "Bookings were higher than in any prior 12-week period and substantially exceeded shipments each month. "Robust demand continued in the U.S. and was augmented by a quickening order growth from Europe and the Far East," he added. He does not expect delivery delays to shorten within the next several months.

Oerlikon may shut Geneva engineering unit

BY JOHN WICKS IN ZURICH

Oerlikon-Buehler Group is to scrap two-thirds of the jobs at its Hispano-Suiza engineering subsidiary in Geneva and may close the plant entirely next year, if a suitable industrial partner cannot be found. The factory, acquired in 1970 from the former Hispano-Suiza concern, has been losing money since 1977. Originally a producer of military equipment, machine tools and textile machinery, it has recently been working at only about 30 per cent of capacity, mainly undertaking jobs for third parties. The labour force is being cut from 450 to only about 150, this despite axing of some 130 jobs in 1982. The plant has been working short-time for the past 16 months. It has been hit particularly by the fall in orders for military equipment.

Economic Diary

SATURDAY: deadline for payment of Argentinean debt arrears. SUNDAY: Saudi Arabian budget due to be announced, Riyadh. MONDAY: CBI Monthly Trends Inquiry (March), Credit business (February), Retail sales (February final), EEC Finance Ministers meeting, Luxembourg, EEC Transport Ministers

informal meeting Paris. TUESDAY: capital issues and redemptions (during the month of March), Housing starts and completions (February), UK official reserves (March), Teachers' pay talks, London, Chemical workers' pay talks, London. WEDNESDAY: advance energy statistics (February). THURSDAY: EEC Social Affairs Ministers informal meeting, Paris, European Trade Union Confederation employment conference, Strasbourg, Building industry union, UCATT, takes pay claim to arbitration, London. FRIDAY: Finished steel consumption and stock changes (4th quarter, final).

Romney Trust plc advertisement. 28.3% increase in Net Asset Value, 14.2% increase in Earnings. Results for 1983 and 1982. Gross Revenue £3.28m, £2.64m. Total Assets £81.9m, £64.5m. Lazard Brothers & Co., Limited, 21 Moorfields, London EC2P 2HT.

Planet 1983 Highlights advertisement. Sales increased by 25%, Pre-tax profits increased by 72%, Total Dividend 2.75p (2.2p) up 25%. Turnover £'000 38,534, Profit before tax 1,748, Earnings per share 6.4p. Planet Group plc.



Wall St reflects rate fears

NEW YORK

Table of stock prices for various companies in New York, including columns for Stock, Mar. 20, Mar. 21, Mar. 22, and Mar. 23.

INDICES

Table of market indices including Dow Jones, Standard and Poors, and various regional indices with columns for date and index value.

STOCK

Table of stock prices for various companies in the 'STOCK' section, including columns for Stock, Mar. 20, Mar. 21, Mar. 22, and Mar. 23.

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THE RETREAT continued into its second day on Wall Street yesterday, reflecting renewed fears about higher interest rates.

By mid-day the Dow Jones Industrial Average was off 2.93 at 1167.82, making a loss of 12.98 on the week, while the NYSE All Commod Index, at 591.70, shed 8 cents on the day but was still up \$1.35 on the week.

Analysts said investors are once again concerned about the possibility of rising interest rates.

They said with a Treasury redrawing under way this week there was less concern that the FED would force interest rates higher.

The Nikkei Average jumped 127.62 to 10,929.17, after rising 100.58 Thursday to the previous closing record of 10,801.55.

Nippon Mining surged ahead Y80 to Y430 after announcing its subsidiary year-end promising Gold and Silver veins in a Hokkaido mine.

International "Populists" and Blue Chip were mixed but Oil, Steels, Precision, Ceramics, Drugs, Papers and Banks were higher.

Occidental Petroleum rose \$11 to \$311 and had the second highest trading volume. A director said he now holds 5 per cent of Occidental's outstanding stock.

Disney Productions moved up \$4 to \$65 as takeover speculation continued. Business Week quotes traders as saying "a Real Estate Investor has been accumulating the company's stock."

CNA Financial improved \$11 to \$111 and had the second highest trading volume. A director said he now holds 5 per cent of CNA's outstanding stock.

Shang prices traded steadily until mid-session, after the previous day's rout, then tumbled in later dealings on renewed jitters caused by recent Corporate moves.

The Hang Seng Index fell only 7.73 by mid-session, but the afternoon decline accelerated after the index finished 42.71 down at 1,014.38.

Stocks were lower in early trading with losses centred in the technology and utility sectors.

Mostly on the Resource issues, the Toronto Composite Index was off 6.3 at 2,388.5. Metals and Minerals led at 4,577.4 and Oil and Gas at 3,460.3.

Shares prices closed at record highs in active trading for the fourth successive day, with hopes of further gains in April prompting volume to increase to 12.5 billion shares to 41.8 billion.

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The All Ordinaries Index finished 5.4 up at 750.5 and the All Resources climbed 8.9 to 577.9.

The closing of the Broken Hill Mines proved secondary to Metal prices.

Gold was erratic with Enper up 15 cents at \$44.25 and Poshel up 5 cents at \$45.90.

Banks were mixed, while Transport stocks were down. Uranium also were mixed.

Oil fell another 10 cents to \$43.00 on concern over the political stability of Guinea where it has a 40 per cent interest in a Diamond mine.

Cub dropped 15 cents to \$44 on profit-taking after recent rises in expectation of a higher takeoff by Eiders-III.

Energy shed \$1 to \$111, it agreed to sell its U.S. unit to U.S. Steel's Marathon Oil for \$0.50 per share.

Germany: Massey firm as operators made purchases to tidy up books for the month-end.

Dealers said there were no particular factors to stimulate markets but recent declines encouraged some bargain hunting.

Some investors were encouraged by recent good company news, such as more than double net profit at Comberbank and expectations Thyssen will break even in 1984.

Domestic Mutual Funds were particularly active in buying to "window dress" their portfolios.

Singapore: Higher across the board in increased activity—the first day of trading in the April Settlement month.

Investors were boosted by tremors on the Hong Kong market over Jardine, Matheson's decision to move its legal-headquarters to Bermuda.

Although brokers saw a temporary increase in the volume of shares traded, the volume to Singapore expectations that a shift would occur in coming months encouraged sentiment on the Republic's Bourse.

The Straits Times Index rose 7.85 to 994.44, while the Singapore Straits Index rose 1.55 to 2,318.75.

FRANCE: A strong third quarter result from Australia's biggest publicly traded company, Broken Hill Proprietary, up 50 cents at \$41.44, boosted prices in afternoon trading.

Operators said with the talked up Street and investors out of the market ahead of the Monday re-regulation of Brokerage fees, shares were drifting lower at the lunch break.

Following the announcement that BHP's profit rose 112 per cent in the first three months ended February 29 to \$159.7m, share prices turned sharply higher.

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